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Department of History and Civilisation

ETHNIC CONFLICT AND ECONOMIC DEVELOPMENT:

JEWS IN GALICIAN AGRICULTURE 1868-1914

Grzegorz Winiarski

**Thesis submitted for assessment with a view to obtaining
the Degree of Doctor of the European University Institute**

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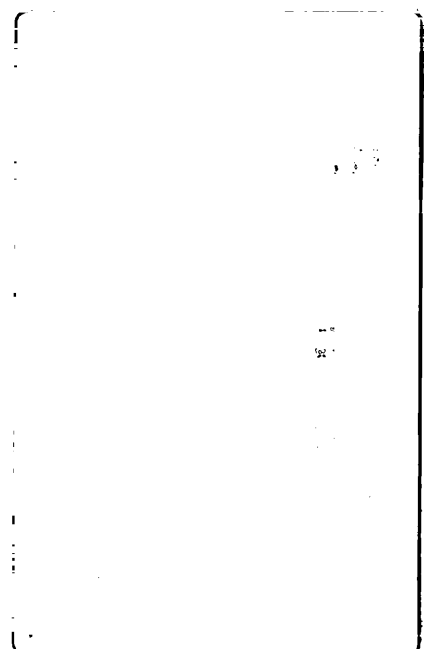
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**ETHNIC CONFLICT AND ECONOMIC DEVELOPMENT:
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Sławomir Tokarski

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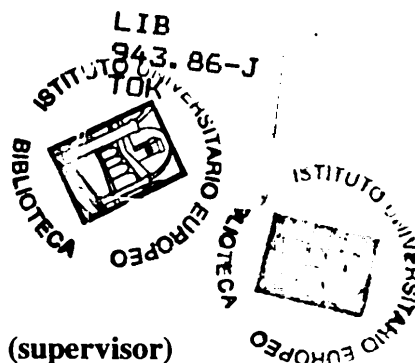
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1. Ethnic Conflict and Economic Development: Theoretical Issues

The title of this chapter is intended to emphasise that the author's primary interest is in the relationship between economic development and ethnic conflict. 'Relationship' denotes that the research area is precisely delimited by the intersection of the former with the latter. Accordingly, the study analyzes those economic phenomena which are relevant to, which result from, and which appear to be a cause of ethnic conflict. Similarly, nationalist confrontation is important to us only when it involves economic facts. Economic development is placed in the explanandum of the examined relationship; yet, the connections between its two constituents are often so interwoven that by analytical necessity I was forced to analyze causative links running also in the opposite direction.

For an economic historian there is no other country which embodies more fully the mutual dependence between economics and nationalism than Austria-Hungary. The existing approaches to this issue may be divided into two main streams. One concerns the set of problems labelled nationalism, the other mirrors the interest of economic history in economic development and integration of the Monarchy. Scholars dealing with nationalism try to determine why forces striving for national independence were stronger than the obvious interest of security and prosperity. On the other hand economic historians attempt to prove that the chance for prosperity was real, that is, that the process of economic development was gradually encompassing all the provinces of the Empire. Whereas there is no consensus around precise timing of different phases of economic growth, historians seem to accept the conviction that economic changes in the Monarchy did not follow the direction of political developments¹.

¹ There is a division between traditional historians (Jaszi, Hertz) and the scholars adhering to recent, quantitative trends in economic history (Good, Gross, Komlos, Huertas, Rudolph). The most representative of the first group is Oscar Jaszi who argued that political disintegration of the state radically decreased potential for economic development of the Monarchy. Oskar Jaszi, *The Dissolution of the Habsburg Monarchy*, Chicago 1962. Against this opinion new economic history put forth the contention that "The nationalist struggle may have had a negative effect on the rate of economic growth but it did not prevent it from occurring". David Good, 'National Bias in the Austrian Capital Market Before World War I', in *Exploration in Economic History*, vol. 14 (1977). Gross is of similar opinion - "In Austria economic growth and industrialisation continues even if

At first sight the second strand of the research seems to include the factor of ethnic conflict in the analysis of economic development. In fact, however, the connection is very vague and superfluous. Economic historians simply take the multinational setting of the development for granted, and, after having claimed that: "In Austria, unlike in other European countries, the twin forces of nationalism and economic growth were not very complementary"², they proceed with a more or less standard economic research. Thus, the indeed existing, contradiction assumes purely descriptive character³.

This, however, is not intended as critique. At the scale of the Monarchy nationalist struggle manifested itself mainly on the parliamentary level. The only conceivable way of taking it into account is through counterfactual narratives regarding economic programmes which, due to the lack of support in the Reichstag, ended up with failure. Gerschenkron's work on Koerber's plan is an excellent example of such an approach⁴. The study on the links between economic developments and ethnic divisions may be transformed into a distinct methodological strategy only on the local level of a region or a province. There are two elements which make such an approach meaningful. On one hand, ethnic

not rapid (...) and probably even accelerate towards the end of the century which witnessed the political decline and progressive disintegration of the state". Nachum Gross, 'Austrian Industrial Statistics 1880 - 1885 and 1911/13', in *Zeitschrift für die Gesamte Staatswissenschaft* vol. 2(1968), p. 36.

² David Good, *op. cit.*, p. 142. Gerschenkron described this situation in a slightly different way: " (...) economic, political and social factors were so closely intertwined in the history of the country in general (...) that it did not seem right to include the word 'economic' (in the title)". Alexander Gerschenkron, *An Economic Spurt that Failed*, Princeton 1977, p. 2.

³ The only exception from this pattern is David Good's study on the financial integration of the Empire. Good attempted to prove the correlation between the percentage of German population and rates of interest charged by Great Viennese banks in different provinces. In other words, his aim was to demonstrate the existence of the national bias on the Austrian capital market. However, he seems misled in choosing the share of Germans as an independent variable - against it one may easily argue that the presence of Germans was in fact derived from the general level of economic development. Therefore, high rates of interest charged in peripheral, backward provinces without German settlements - Galicia and Bukovina - may be explained by other factors, like communications costs, investment risk and costs of acquiring information. See, David Good, *op. cit.*; Idem, 'Discrimination in the Austrian Capital Market? A Reply', in *Explorations in Economic History* vol. 17 (1980), pp. 428-433. For the critique of Good's approach see, John Komlos, 'Discrimination in the Austrian Capital Market?', in *Ibidem*, pp. 421- 427.

⁴ Alexander Gerschenkron, *op. cit.*

groups existing in the society must be of a size that implies that their confrontation could have had significant repercussions for the economy as a whole, or for its particular sector. Further, ethnic divisions must be clearly delineated in tangible, economic terms - be it specific economic activities, occupational structure or a different quality of entrepreneurship. On the other hand, it is important to deal with a society in transition, undergoing the process of change, rather than enjoying relative stability. The transformation stage is much more likely to cause the economic dimension of ethnic conflict to come to the fore, because it entails deep alterations in the society's economic activities. For the same reason, it is more feasible to establish a link between newly emerging economic order and economic behaviour of conflicting ethnic groups.

From this point of view Galicia appears to be an ideal object of research. First, it had the largest Jewish community among those living on the Austrian territory in relative and absolute figures. At the peak of its demographic growth Galician Jews accounted for 11.7 per cent of the land's general population which made up more than two thirds of the overall Jewish population of Austria. The nature of Jewish economic activities along with the intensity of anti-Jewish feelings it usually generates allows us to assume that in this instance economic factors and ethnic conflict were particularly closely intertwined. Moreover, the remaining part of Galician society consisted of two different national groups of a more less equal size - Poles and Ukrainians. Although to a lesser degree, their economic activities differed as well: whereas Ukrainians may be described as a predominantly peasant nation, Polish society was made up not only by the peasantry but also by a ruling, landowning class of the nobility. Thus, it is possible to investigate and compare two sets of national relations: Jewish-Polish and Jewish Ukrainian. The second methodological condition - requiring that the analyzed society experiences dramatic economic changes - is satisfied by the choice of the period under investigation. Time benchmarks are set by two events: the legislation of 1868 and the outbreak of World War I. The latter date is a natural historical watershed and it is needless to comment on it. The legislation enacted in 1868 was in fact the set of some legal acts implied by the December patent of 1867. The substance of these acts will be discussed in depth in a later section of

this work; here it is important to state that they abolished, in legal terms, the remaining feudal restrictions on the economic liberty of two groups central to our research - the Jews and the peasantry. The fact that the emancipation of these two strata of the society coincided meant that it was highly possible that there would be a future clash between their changing economic activities. Since this was also the period when Galician society departed from tradition and moved towards a modern setting one is encouraged to expect that the consequences of this conflict for the economy are worth studying.

The general backwardness of the country implies the focus on the link between ethnic conflict and economic development within the rural, rather than the industrial sector of Galician economy. I will argue that the changes in the position of Jews in the rural economy allow us to determine the nature of economic development in the Galician agricultural sector. Further, it will be demonstrated that in the years following the emancipation of 1867, Jews entered new sectors of the rural economy. The rapid expansion of Jewish intermediary services coincided with belated emancipation of the Galician peasantry, which was achieved through the development of Polish and Ukrainian rural organizations. This coincidence resulted in conflicting economic goals of the two groups; thus, at the same time, ethnic conflict determined both a course of social mobilization of the peasantry and a tempo of modernization of the Jewish minority. In this chapter we will make an attempt to select conceptual tools for a theoretical analysis of the conflict. Alongside the theoretical framework we will review available statistical sources. On this basis we will formulate some preliminary hypotheses.

It is acknowledged that Galician society after 1867 was characterized by growing anti-Semitism⁵. Virulent anti-Jewish hostility constituted in a sense a

⁵ After the uprising of 1863 in the Kingdom of Poland, in which Jews actively supported the Polish side, many activists of the Polish independence movement declared that Jews had acquired the right to be treated as a part of Polish society. A similar attitude prevailed for some time in Galicia, but the claims of an end to the Polish-Jewish hostility turned out to be premature. Artur Eisenbach, 'Problem emancypacji Żydów w opinii Wielkiej Emigracji przed powstaniem styczniowym', in *Między feudalizmem a kapitalizmem. Studia z dziejów gospodarczych i społecznych*, Wrocław 1976, p. 198. In 1893 the Congress of Catholic Peasant Parties declared an economic boycott of the Jews. Six years later, in some counties in Western Galicia, anti-Jewish riots broke out.

part of the political and economic struggle carried against foreign ethnic groups settled in the agrarian societies of Central and Eastern Europe. From this point of view three elements appear to be common in the historical setting of this region. The first comes from the incomplete social structure of native societies, in which a part of the missing strata was played by ethnic groups of foreign origin (Slovak, Ukrainian and Lithuanian peasant nations, Polish and, to a lesser degree, Hungarian nation composed of both peasantry and nobility). Consequently, the next similarity stems from the incorporation of ethnic hostility into the ideology of national movements. The intensity of national animosities was additionally augmented by the subordinate status of these nations; Hungary, which after 1867 attained semi-independent status in the Austro-Hungarian Monarchy, provides an exception in this respect. Finally, the same period that witnessed the phenomenon of national awakening coincided with the gradual dissolution of a feudal economy and the first stirrings of modernization within societies of East-Central Europe.

The persistence of the social and economic distinctiveness of ethnic groups inhabiting this part of the continent stresses the reactive character of links between ethnicity and economic development. It may be said that the modernization of East-Central European societies, as understood in the functionalist approach, was not complete, since it did not eradicate the traditional social order in which ethnic status determined the division of labour. This failure contrasts with the presumption of functionalist theories that foresaw the gradual disappearance of 'primordial sentiments' under the prevailing impact of functional dependencies on the market⁶. Thus, unlike in Western Europe, economic development turned out to be a dividing rather than coalescent factor in shaping the modern nation-state⁷.

⁶ Michael Hechter, 'The Political Economy of Ethnic Change', in *American Journal of Sociology*, vol. 79 (1974), p. 1151. For the review of theories seeking for the explanation of persistence of ethnicity see Gary B. Cohen, 'Ethnic persistence and change: concepts and models for historical research', in *Social Science Quarterly*, vol. 62 (1981), pp. 1028-1041.

⁷ Rudolf Jaworski, 'Nationalismus und Ökonomie als Problem der Geschichte Ostmitteleuropas im 19. und zu Beginn des 20. Jahrhunderts', in *Geschichte und Gesellschaft*, vol. 8 (1982), pp. 187-188.

The Jewish population constitutes the best known example supporting the theories that do not associate modernization and ethnic assimilation. Galician Jews formed a part of much larger Jewish community known as 'Ostjudentum' (Eastern Jewry)⁸. The term was accommodated to encompass predominantly Hasidic communities in Eastern Europe whose territory of settlement matched the territory of the former Polish-Lithuanian Commonwealth⁹. From the eighteenth

⁸ There is no widely accepted consensus over the terminology relevant to the inner divisions among the Jewry settled in Central East Europe. The issue seems similar to the ambiguities arising around such terms like Central or East Central Europe; due to the variety of social, cultural and economic factors constituting its content it is hard to clearly delimit its boundaries. Holzer writes about two great Jewish communities: Eastern Jewry characterized by its cultural and linguistic 'yiddishism' and East-Central Jewry living within the frontiers of Austria-Hungary. Jerzy Holzer, 'Asymilacja i akulturacja Żydów galicyjskich', in *Więź*, vol. 33/4 (1989), p. 102. Katzburg uses the term Central European Jewry to suggest the a geographic location between Eastern and Western Jewries and a common historical past. Consequently, he includes here the countries of the former Austrian Empire, namely the Republic of Austria, Hungary, the Romanian province of Transylvania and Western Galicia. Nathaniel Katzburg, 'A Social and Economic history of Central European Jewry', in Yehuda Don and Victor Karady (eds), *Central European Jewry between East and West*, New Brunswick 1990, p. 33. Schramm, similarly to Holzer, describes the Jews of Western Russia, Congress Poland and Galicia as East Central Jewry. Gotfried Schramm, 'Die Juden in europaischen osten um das Jahr 1900: Zwischenbilanz eines Minderheitsproblems', in Gotthold Rhode (ed), *Juden in Ostmitteleuropa von der Emanzipation bis zum ersten Weltkrieg*, Marburg am Lahn, 1990.

The most frequently quoted division has been applied by Ezra Mendelsohn. Mendelsohn distinguishes two categories of Jewish community residing in Europe; those belonging to an 'East European type' and those who may be qualified as being of a 'West European type'. According to this view, the first type of Jewish community was featured by a low assimilation and acculturation level, retention of Yiddish and the orthodox religion and by a social structure dominated by lower classes. Jewish communities belonging to the West European type were characterized by an advanced process of acculturation and assimilation, abandonment of Yiddish and the orthodox religion and social composition dominated by middle classes of urban origin. Since Mendelsohn does not link his definition to any geographical criteria, his terminology seems to be the most relevant for the description of the variety of Jewish ethnic groups settled in East Central Europe. He emphasises the fact that the area of settlement of these two types of Jewish communities only roughly matches the division between Western and Eastern Europe. The West European type existed not only in France, Great Britain or Germany but also in Bohemia and Moravia, in Hungary and in some parts of Lettonia. Ezra Mendelsohn, *Żydzi Europy Środkowo-Wschodniej w okresie międzywojennym*, Warszawa 1992, pp. 27-28.

⁹ In German literature the term 'Ostjuden' was initially identified with 'Polnische Juden'. In a narrow sense, it denoted the Jews settled on the territories of historical Great Poland and Little Poland. The broader meaning referred to the Jews living on the territory of the former Polish-Lithuanian Commonwealth. In the end of the nineteenth century the term acquired new meaning - it meant Hasid migrants coming to Western Europe (mostly Germany) from eastern 'shtetls'. The magnitude of these migratory movements gave birth to the so-called 'Ostjudenfrage' or 'Ostjudengefahr'. For the detailed discussion on the definition of 'Ostjuden' see, Trude Maurer, *Ostjuden in Deutschland 1918-1933*, Hamburg 1986, pp. 12-16, and Heiko Haumann, *Geschichte der Ostjuden*, Munchen 1990.

century until the beginning of the twentieth century Jews living within its frontiers accounted for about 70 per cent of the overall Jewish population. Due to a common historic heritage, these communities shared similar cultural, social and economic traits.

This does not mean, however, that Jewish communities were free from internal conflicts. In the second half of the nineteenth century Galician Jewry was divided into three different ideological currents¹⁰. The Hassidic movement was the chief bearer of religious trends opposite to those characteristic of the Jewish communities in the West. The originator of the modern version of the doctrine was Rabbi Israel Baal-Shem-Tow, born about 1700 in Podolia, the eastern province of the Polish Commonwealth. In the religious sphere the movement meant devout piety, communion with God and transfer of religious leadership from rabbi to zaddik. The most notable innovation in the communal activity was the lack of traditional elements of cooperation with the authorities and reliance on them. The disciples of Baal-Shem-Tow were against cultural assimilation, the secularization of communal life, customs, education and science.

The Hasidic movement was fiercely attacked by the orthodox echelons of the Galician Jewry (so called *misnagdi*). The crux of the argument were the different means which served for the profession of Jewish religion and tradition. Ecstasy, joy and mysticism practised among Hassids were defied by the orthodox Jews who argued that the study of judaistic sciences and intellectual achievements in this field were the only way leading to God.

What the two religious currents had in common was the idea that religion is at the centre of the Jewish community. In this respect Hasidism did not affect the accepted pattern of Jewish society. Among both Hasidi and Misnagdi Jews Jewish *Kultusgemeinde* performed comprehensive religious, cultural and social

¹⁰ On the issue of religious divisions within the Galician (Eastern Jewry) see: Raphael Mahler, *Hasidism and the Jewish Enlightenment. Their Confrontation in Galicia and Poland in the First Half of the Nineteenth Century*, Philadelphia 1985; Samuel Ettinger, 'The Internal Struggle in East European Jewry', in H. H. Ben-Sasson (ed), *The History of the Jewish People*, London 1976, pp. 768-780; Idem, 'The Hassidic Movement - Reality and Ideals', in *Cahiers d'histoire mondiale*, 1968, pp. 251-266; Idem, 'Jews and non-Jews in Eastern and Central Europe between the Wars: An Outline', in Bela Vago and George Mosse (eds), *Jews and Non-Jews in Eastern Europe*, Jerusalem 1974; Artur Eisenbach, 'Wokół niektórych zagadnień procesu emancypacji Żydów w Polsce', in *Biuletyn Żydowskiego Instytutu Historycznego*, 1990/1, pp. 101-108; Jerzy Holzer, *op. cit.*

functions and was conceived of as a cornerstone of a separate Jewish social structure. Therefore, the leaders of either form of Jewry adopted an uncompromising stand against those who aspired for the regeneration of Judaism in the spirit of time through religious and educational reforms and for integration in non-Jewish societies. Unlike in Central Europe, however, the controversy between orthodox and non-orthodox (Haskalah) Jews was a marginal element of the internal strife within the Galician Jewry¹¹. The well established authority of community leaders, the relatively large concentration of the Jews, weaker incentives to assimilate into predominantly peasant Gentile society and, finally, a lack of influential stratum in the Jewish population that aspired to closer contacts with the non-Jewish world as in the west - all this limited the influence of the Haskalah movement to the newly risen class of urban wealthy merchants¹².

The conflict between Jewish ethnic groups and majority societies seen in the long run stemmed from a similar source to that which occurred some centuries ago in western Europe, that is, the rise of a native middle class. What makes it different is the fact that the greater part of Eastern Jewry was conditioned by a semi-rural environment well into the nineteenth century¹³. The Jewish minority constituted in the social and occupational structure of the population an element which, owing to its professional pursuits, was suited to undertake commercial and

¹¹ The only time when the struggle between Haskalah and Hasidism overshadowed other internal divisions within the Galician Jewry was the first half of the nineteenth century. In this period the leaders of the Jewish Enlightenment in Galicia decided to join Austrian authorities in their endeavour to Germanize Jewish population and to 'rationalize' its occupational and economic structure. See, Raphael Mahler, *op. cit.*; Majer Bałaban, *Dzieje Żydów w Galicji i Rzeczypospolitej Krakowskiej 1772-1868*, Lwów 1916.

¹² The centre of Haskalah movement in Galicia were three large cities in East Galicia - Lviv, Brody and Tarnopol. Raphael Mahler, *op. cit.*, p. 47; Samuel Ettinger, 'The Internal Struggle in East European Jewry', in H. H. Ben-Sasson (ed), *The History of the Jewish People*, London 1976, p. 785.

¹³ Jakub Goldberg, 'Agriculture', in Nachum Gross (ed), *Economic History of Jews*, New York 1975, p. 110; Arcadius Kahan, 'Early Modern Period', *Ibidem*, pp. 65-69.

financial services inherent to a feudal economy¹⁴. Jewish economic activity was thus based on contacts with the feudal estate; Jews practically monopolised the functions of manor officials, stewards, overseers, tax collectors, leaseholders of lumber mills and distilleries and liquor franchise holders¹⁵. As Marx states, the Jews lived in the pores of Polish society; small Jewish towns were submerged in a sea of peasant villages and often adjoined the chateaux of the Polish lord¹⁶. Consequently, it may be assumed that the antagonism developed primarily in the framework of a rural economy rather than in the urban environment¹⁷.

Although the links between economic development and the Jewish-Gentile ethnic conflict are apparent, surprisingly few scholars have studied the issue from this perspective. Most of the scientific interest in Eastern Jewish communities has focused on social, political and cultural rather than economic matters. The disproportion is particularly striking among Jewish scholars who, attracted by the, indeed unique, spiritual and cultural traits of these communities, have worked out a 'rabbinic approach' to the Jewish past in Eastern Europe. Efforts to explain a particular event begin with Jewish values and beliefs and the ideologies of the intellectual elite have been assumed to determine the behaviour of all Jews¹⁸. Such a view has resulted from a major paradigm entrenched for long in the works

¹⁴ Jacob Goldberg, 'Poles and Jews in the 17th and 18th Centuries. Rejection or Acceptance', in *Jahrbücher für Geschichte Osteuropas*, vol. 22 (1971), p. 260.

¹⁵ "In Eastern Europe Jews turned to the countryside more frequently from the 14th century (...) With the development of the "arenda" (leasehold) system and trade in agricultural products, the Jews in Poland and Lithuania became increasingly involved in agriculture as leaseholders of agricultural assets, for instance of distilleries and mills, or as administrators in rural areas". Jakub Goldberg, 'Agriculture', in Nachum Gross (ed), *Economic History of Jews*, New York 1975, p. 110.

¹⁶ Quoted after Abram Leon, *The Jewish Question - A Marxist Interpretation*, New York 1970, p. 183.

¹⁷ "In the West, it was precisely with the rise of a sizeable stratum of middle-class Jews, whose way of life and culture did resemble that of the neighbouring city-dwellers, that forms of Jewish influence and competition intensified among the urban classes". Samuel Ettinger, 'Jews and non-Jews in Eastern and Central Europe between the Wars', in Bela Vago and George Mosse (eds), *op. cit.* p. 3.

¹⁸ Calvin Goldscheider and Alan S. Zuckerman, *The Transformation of the Jews*, Chicago/London 1984, p. 4.

of the founding fathers of the Jewish history - Simon Dubnov, Ben-Zion Dinur or Raphael Mahler. The concept of central importance was the clash between the forces nourishing internal solidarity and faith within Jewish communities and the combined forces of change which undermined their organic unity and cohesiveness¹⁹. The history of Eastern Jewry was perceived chiefly in terms of the ideological conflict between Eastern Jewish nationalism and the Jewish enlightenment, where the latter was identified with the Western malaise of parting from Jewish language and religion. Therefore the bulk of research was done by historians and sociologists preoccupied with political and ideological matters and very little by economists. Although among the former were such great authorities as Arthur Ruppin, Jacob Lestschinsky, Ignacy Schiper, Raphael Mahler and Arie Tartakower, they still referred to the economy only in the second instance. Detailed descriptions of Jewish social and occupational structure and migratory statistics constituted a core of typical accounts of the economic standing of the Jewry. Characteristically, whenever the word 'economic' appeared in the title of a historical study it was usually preceded by the word 'social'. As a result, a great many valuable monographs notwithstanding, a comprehensive economic history of the Jews is still lacking²⁰. Georg Caro's *Sozial- und Wirtschaftsgeschichte der Juden in Mittelalter und der Neuzeit* published between 1908 and 1924 remains the most ambitious, though far from satisfactory undertaking in this respect.

The other problem of Jewish economic history is the tendency towards narrowing its scope to the, usually overstressed, Jewish-Gentile relationship. The bone of contention is the Jewish contribution to non-Jewish society and the dispute is usually flawed by the prevailing climate of pro- and anti-Semitism. Those, who attempt to investigate the economy of Jewish communities in a different context still cling to the concept of *Kleinarbeit*, monographical studies of specific Jewish

¹⁹ Jonathan Frankel, 'Assimilation and the Jews in Nineteenth-Century Europe: Towards a New Historiography?', in Jonathan Frankel and Steven J. Zipperstein (eds), *Assimilation and Community. The Jews in Nineteenth Century Europe*, Cambridge 1992, p. 4.

²⁰ Werner Cahnman, 'The Role and Significance of the Jewish Artisan Class', in Joseph B. Maier et al. (eds), *German Jewry. Its History and Sociology. Selected Essays by Werner J. Cahnman*, New Brunswick/Oxford 1989, p. xiii.

communities (formulated in the *Zeitschrift für die Geschichte der Juden in Deutschland* in 1929), and abstain from a more general approach²¹. The only consensus that has emerged until now in the literature is the assertion of the commercial nature of the Jewish economics - a concept which is too ambiguous and only partially true²². Hitherto, much of our knowledge about the nature of Jewish economic activities has been based largely on unsubstantiated generalizations.

The shortcomings in the scope of Jewish economic history are particularly striking with respect to the Jewish communities settled in Poland. The history of Polish Jewry was written almost exclusively by authors of Jewish descent which entailed some kind of unilateral approach. Jewish authors either considered the Jewish community in isolation from the Polish society or limited Polish-Jewish coexistence to the reprehensible discrimination against Jews by Christians²³. The

²¹ Bernard Weinryb, 'Prolegomena to the Economic History of Jews in Germany in Modern Times', in *Leo Baeck Year Book*, vol. 1 (1956), p. 285.

²² Werner Cahnman, 'Introduction', in Mark Wischnitzer, *A History of Jewish Crafts and Guilds*, New York 1965; Idem, 'The Role and Significance of the Jewish Artisan Class', in Joseph B. Maier et al. (eds), *German Jewry. Its History and Sociology. Selected Essays by Werner J. Cahnman*, New Brunswick/Oxford 1989. Cahnman argues that Jewish historians have accepted the assumption of the commercial nature of Jewish economic activities without any attempt at challenging, or even scrutinizing this concept seriously. According to his view, the Wischnitzer's study was the first to investigate the role of the Jewish artisan class in Jewish economics. *Ibidem*, p. xiii.

²³ Jerzy Tomaszewski, 'Niektóre problemy historiografii dziejów Żydów w Polsce XX wieku', in *Biuletyn Żydowskiego Instytutu Historycznego*, 1991, No 2, p. 66; Stefan Kieniewicz, 'Polish Society and the Jewish Problem in the Nineteenth Century', p. 70. In the postwar Polish historiography the most comprehensive accounts on the Jewish economic history has been written by Artur Eisenbach. See, 'Wielka własność ziemiska w rękach żydowskich', in Witold Kula (ed), *Spółeczeństwo Królestwa Polskiego*, Warszawa 1967; *Mobilność terytorialna ludności żydowskiej w Królestwie Polskim*, Warszawa 1967 (published also in *Revue des Etudes Juives*, vol. 126 (1966), pp. 435-471); *Z dziejów ludności żydowskiej w Polsce w XVIII i XIX wieku. Studia i szkice*, Warszawa 1983. The most extensive treatment of the Jewish economic activities in Poland still is to be found in the pre-war studies of Ignacy Schiper. See, *Studia nad stosunkami gospodarczymi żydów w Polsce podczas* '^[owieczna, Lwów 1911; *Dzieje handlu żydowskiego*, Warszawa 1937; *Historia żydowskiego handlu na polskiej ziemi*, Warszawa 1937; see also the collection of monographs written by Jewish historians and edited by Schiper, *Żydzi w Polsce Odrodzonej: działalność społeczna, gospodarcza, oświatowa i kulturalna*, 2 vols., Warszawa 1932-1933. Other pre-war economic historians dealing with the issue of Jewish economics were, Josef Tennenbaum, *Żydowskie problemy gospodarcze w Galicji*, Wien 1918; Jerzy Gliksman, *Polish Jews from the Occupational and Social Viewpoint: Historical Evolution, Present Situation and Future Perspectives*, (in French) Paris 1929; Idem., *Struktura społeczna i zawodowa żydowskiej ludności w Polsce*, Warszawa 1930. See also the works of two non-Polish economic historians, Jakob Lestschinsky and Bernard Weinryb: Jakob Lestschinsky, *The Economic Situation of Jews in Poland* (in yiddish), Berlin 1932; Idem, *The*

fact that Galicia for 150 years was a part of the Austrian Empire did not modify this state of affairs, since a similar attitude had prevailed among scholars writing on the Austrian Jewry²⁴.

The task of writing about the economics of the Jews is burdened by two sorts of difficulties. First, due to the particular history of the Jewish population, it is difficult to establish the confines of time and space one usually requires for the analysis of national economies²⁵. The other obstacle stems from the variety of societies among which Jewish ethnic groups settled throughout the history of diaspora. Jewish economic history is an outcome of two different historical processes. One process is the country's own development and its relations with outer world. The second historical process involved is the internal Jewish situation and the changes it undergoes²⁶. Since the Jewish economics functioned across different legal systems and faced the distinct characteristics of broader societies,

Economic Situation of Jews since the World War: Eastern and Central Europe (in French), Paris 1934; Idem, 'Poland', in *La Situation Economique des Minorites Juives*, Paris 1939; Bernard Weinryb, *The Jews of Poland: A Social and Economic History of the Jewish Community in Poland, from 1100-1800*, Philadelphia 1973; Idem, *Neuste Wirtschaftsgeschichte der Juden in Polen und Russia*, New York 1972; Idem, *Studies in the Economic and Social History of Jews in Poland* (in Hebrew), Jerusalem 1939. For a complete bibliography see, Gershon C. Bacon and Gershon Hundert, *The Jews in Poland and Russia: Bibliographical Essays*, Bloomington 1984.

²⁴ The research on Habsburg Jews made genuine strides only with respect to some social and cultural issues such as Jewish emancipation. See, Wolfgang Hausler (ed), *Das Osterreichische Judentum. Voraussetzungen und Geschichte*, Wien/Munchen 1974; Joseph Frankel (ed), *The Jews of Austria*, London 1967; William Mccagg, *A History of Habsburg Jews 1670-1918*, Bloomington/Indianapolis 1989; Wolfdieter Bihl, 'Die Juden', in Adam Wandruszka, Peter Urbanitsch and Alois Brusatti (eds), *Die Habsburgermonarchie 1848-1918*, vol. 3, part 2, Wien 1980; Gotthold Rhode (ed), *Juden in Ostmitteleuropa. Von der Emanzipation bis zum Ersten Weltkrieg*, Marburg an der Lahn 1988; Gotfried Schramm, 'Die Ostjuden als soziales Problem des 19 Jahrhunderts', in Maus Heinz (ed), *Gesellschaft, Recht und Politik. Wolfgang Abendroth zum 60 Geburtstag*, Neuwied 1960. A conference convened in August 1986 in Paris addressed some of the economic matters concerning Hungarian, Bohemian, Moravian and Austrian Jewry. Yet the largest Jewish group living in Galicia and Bukovina and accounting for 75 per cent of the total Jewish population in the Habsburg Empire was left out of the conference's mainstream discussion.

²⁵ As put forth by Caro, the problem is that the economic history of a people "concerns a country with geographic delimitations and a state, while the Jews neither have these nor were they a people". Therefore Jewish economic history should study the significance of the specific Jewish economic functions in the framework of the general economic circumstances of a given country and time. Georg Caro, *Sozial-und Wirtschaftsgeschichte der Juden in Mittelalter und in der Neuzeit*, Frankfurt am Main 1924, pp. 1-14.

²⁶ Bernard D. Weinryb, *Neuste Wirtschaftsgeschichte der Juden in RuBland und Polen*, New York 1972, p. VII.

any complete approach to Jewish economic history has to meet complex standards of cross-cultural analysis²⁷.

More recent works offer a different reading of traditional problems in Jewish history. As put by Frankel, the new approach is marked by the departure from the grand paradigm shaped out in the nineteenth century, that is from seeing Jewish history through the dichotomy of assimilation on the one hand and the retention of national identity and ethnic solidarity on the other²⁸. More weight has been given to varied factors of change such as urbanization, industrialisation, migration and market forces. A similar shift from sweeping generalizations to differentiation occurred with the greater concentration on regional studies rather than on overall analysis. With new historical studies an approach emerged which appears to avoid the pitfalls encountered by its predecessors. The way out of the dilemma inherent to the analysis of Jewish economic history would be linked to the universal trait of Jewish communities - the fact that its economic activity may be studied as that of a minority group. As pointed out by Schermerhorn, there are underlying features of the minority situation which can be universally found²⁹. If so, the economics of the minority group is one of the most important ones. The most recent approaches to Jewish economic history make use of this concept in a fairly concurrent way. The focus of attention is on the general characteristics of the minority's economic behaviour and on the way they respond to the stimuli conveyed by the economy of the resident society. The first theoretical model constructed on these premises was Simon Kuznets' account of the economy of small minorities (constituting less than 10 per cent of total population), published

²⁷ Different patterns in the majority society and a minority group may result from an infinite variety of societal differences; therefore comparative research is possible rather within a nation-state territory than among different states. Charles Hirschman, 'Theories and Models of Ethnic Inequality', in C. B. Marrett and C. Leggon (eds), *Research in Race and Ethnic Relations*, vol. 2, Greenwich/Connecticut 1980, p. 26.

²⁸ Jonathan Frankel, *op. cit.*, pp. 18-19.

²⁹ Robert A. Schermerhorn, 'Toward a General Theory of Minority Groups', in *Phylon*, vol. 25/3 (1964), p. 238.

in 1960³⁰. Although the model proposed some broader assumptions it alluded in the first place to the evidence of Jewish minorities. Surprisingly, for the next 30 years Kuznets' work escaped the attention of economic historians and it was only very recently that his hypotheses have been tested in relation to the Jewish economics of Central Europe³¹.

A second theoretical proposition referred to the fact that Jewish groups, unlike most minorities, are situated in the middle, not at the bottom of the social structure. In that respect Jews are comparable to Japanese and Greeks in United States, Asians in East Africa or Armenians in Turkey³². The similarity stems from the intermediary economic position occupied by these communities in non-Jewish societies. Thus such ethnic groups are 'middleman' in two senses (1) they tend to occupy middle rank positions in the stratification system and (2) they are likely to be economic middlemen, involved in the movement of goods and services in a society³³. As a result, the members of middleman ethnic groups are predisposed to concentrate in an economic space located between the producer and consumer or employee and employer and may be found primarily in trade, commerce and money lending. These findings are coherent with the propositions advanced by Kuznets, the difference being an attachment to a broader framework of comparison - Jewish economic activities constitute only one example of

³⁰ Simon Kuznets, 'Economic Structure and Life of the Jews', in Louis Finkelstein (ed), *The Jews, Their History, Culture and Religion*, New York 1960; Idem, *Economic Structure of United States Jewry. Recent Trends*, Jerusalem 1972. The summary of the model may be found in Tika Darvish, 'The Economic Structure of the Jewish Minority in Iraq vis-a-vis the Kuznets Model', in *Jewish Social Studies*, vol. 47 (1985), pp. 255-266.

³¹ Yehuda Don, 'Patterns of Jewish Economic Behavior In Central Europe In the Twentieth Century', in Y. Don and V. Karady (eds), *A Social and Economic History of Central European Jewry*, New Brunswick 1990; Idem, 'Economic Behaviour of Jews in Central Europe Before World War II', in *Ethnic Minority Groups and Economic Development (1850 - 1914)*, *Papers for 10th International Economic History Congress in Leuven*, Leuven 1991.

³² Apart from middleman minority theories, similar ideas have been expressed as early as in 1918. Artur Cohen in his article published in *Judische Statistik* noted that: "Die Judenfrage bildet also einen Teil der Minoritätenfrage, und sie musste neben den anderen Teilen derselben, namentlich den volkersoziologischen (Polenfrage, armenische Frage, Zigeunerfrage, Negerfrage, Japanerfrage in America) behandelt werden. Arthur Cohen, 'Judenfrage und Statistik', in *Judische Statistik*, Berlin 1918, p. 25.

³³ Edna Bonacich and Jonathan Turner, 'Toward Composite Theory of Middleman Minorities', in *Ethnicity*, vol. 7 (1980), p. 144.

economics of the middleman minority - and its links to new theories propagated within modern social theory. As argued by Zuckerman and Goldscheider, the analysis of the Jews in a comparative framework is the road to integrating the analysis of the Jews with the study of other people within the domain of social (and economic) science. The uniqueness of the Jews may serve well as a principle of Jewish theology but the new mode of analysis demands the means of comparing the Jews with other people³⁴.

The theory accepted the term 'middleman minorities' to encompass salient features of all minorities of this sort³⁵. There is no general consensus over the causes explaining the particular position occupied by some ethnic groups in particular societies. Contesting explanations focus on the nature of resident societies, cultural characteristics of middleman minorities or on the structure of a given historical situation³⁶. Obviously, these approaches are not necessarily mutually exclusive and particular cases may be feasibly framed within each of the theories³⁷. Middleman minority theories subscribe to a dualist paradigm which seeks to demonstrate that in the process of capitalist development ethnicity should be viewed as the conclusion of a social process rather than its starting point³⁸.

³⁴ Calvin Goldscheider and Alan S. Zuckerman, *op. cit.*, p. 4.

³⁵ The term was used for the first time by Hubert Blalock, *Toward a Theory of Minority Group Relations*, New York 1967.

³⁶ To provide a more extensive sort of overview of middleman minority theories would be duplicating existing work; for more extended reviews see, Edna Bonacich and John Modell, *The Economic Basis of Ethnic Solidarity*, Berkeley 1980; Werner Zenner, 'Middleman Minority Theories and the Jews', in *Working Papers in Yiddish and East European Studies*, vol. 31 (1978); Jose Cobas, 'Six Problems of the Sociology of the Ethnic Economy', in *Sociological Perspectives*, vol. 32 (1989), pp. 201-214; Idem, 'Paths to Self-Employment Among Immigrants. An Analysis of Four Interpretations', in *Ibidem*, vol. 29 (1986), pp. 101-120.

³⁷ Bonacich and Turner in their recent article attempt to construct a single theoretical approach incorporating all former concepts into the framework of 'composite middleman minority theory'. Edna Bonacich and Jonathan Turner, 'Toward Composite Theory of Middleman Minorities', in *Ethnicity*, vol. 7 (1980), pp. 144-158.

³⁸ Yoad Peled and Gershon Shafir, 'Split Labor Market and the State: The Effect of Modernization on Jewish Industrial Workers in Tsarist Russia', in *American Journal of Sociology* vol. 93 (1987/88), pp. 1453-1460.

Middleman minorities may be defined not only by the economic position occupied in the resident society but also by the way they organize their economic activities³⁹. In general such groups abstain from occupations that require investment tying up large capital and assuming relatively long turnover⁴⁰. Therefore, it is hard to find them in agriculture or modern industry. There are two reasons for this situation. In the first place, since middleman minorities are delimited in the society by ethnic solidarity, it seems rational that their economics base on a small, usually family owned enterprise. Only in such an environment, economic advantages of ethnic solidarity - business tips, low interest loans or rotating credit associations - become perceivable and prevent entrenched monopolies of ethnic groups from breaking⁴¹. On the other, hand middleman minorities choose easy-to-liquidate business arrangements due to their migratory origin⁴² and because of their vulnerability to different forms of discrimination⁴³.

³⁹ Unlike Zenner who bases his definition of middleman minorities on overrepresentation of their members in trade, commerce and banking, Bonacich prefers to use self-employment and working within the ethnic group as the key criterion. Walter P. Zenner, 'Ethnic Solidarity in Three Middleman Minorities', *Paper read at the Annual Meeting of the American Anthropologist Association in 1976*, p. 2; Edna Bonacich and John Modell, *The Economic Basis of Ethnic Solidarity. Small Business in the Japanese American Community*, Berkeley/Los Angeles/London 1980, p. 23.

⁴⁰ Edna Bonacich, 'A Theory of Middleman Minorities', in *American Sociological Review*, vol. 38 (1973), pp. 583-594.

⁴¹ Middleman minority theory focus on the salience of ethnic solidarity in relation to the socio-economic attainment of middleman groups. Nee and Sanders point to the limits of this perspective; "ethnographic accounts provide ample evidence on intense factionalism and competition that render ethnic collective action problematic". According to this view, when ethnic solidarity is mobilised, it is typically a temporary reaction to interethnic competition. Jimmy M. Sanders and Victor Nee, 'Limits of ethnic solidarity in the enclave economy', in *American Sociological Review* vol. 52 (1987), pp. 764-765. Against this perspective Bonacich and Light tend to view ethnic solidarity as a long lasting phenomenon, which forms a response to the structural hostility or discrimination on the side of the host society. Edna Bonacich, *op. cit.*, p. 584.

⁴² Members of migration groups may be described as 'sojourners' or 'marginal men'. Usually they reach a country of destiny with the aim of earning a certain amount of money and returning back to the motherland. This attitude results in a low level of consumption, high labour input and involvement in branches with a low fixed capital level. Although often they stay in a new place forever, such behaviour may be cultivated by next generations. Paul Siu, 'The Sojourner', in *American Journal of Sociology*, vol. 58 (1952/53), pp. 34-44; Robert E. Park, 'Human Migration and the Marginal Man', *Ibidem*, vol. 83 (1978), pp. 881-893.

⁴³ Minorities refrain from involvement in the public sector where their economic activity may be easily affected by discriminatory legislation. Yehuda Don, 'Patterns of Jewish Economic Behavior In Central Europe In the Twentieth Century', in Y. Don and V. Karady (eds), *op. cit.* The

Jewish groups possess all the features typical of middleman minorities. Despite the variety of societies in which they have settled throughout the history of the diaspora, they have tended to concentrate on a consistent cluster of occupations. As with other ethnic groups occupying intermediary positions in broader societies Jews participated very slightly in agriculture⁴⁴ or in the public sector⁴⁵; instead they engage in trade and finance. Within the trade sector, commodity trade was the most important branch. Moreover, there tended to be further specialization within commodity trade, that is, Jews were likely to be found in the retail food trade, textiles and groceries.

The second important component to the Jewish economics was the industrial sector and handicrafts. Specialization within industry reflects the way Jewish entrepreneurship was organized. The most important branch is that of finished consumer goods (garments, leather, printing) and the food industry (including drinks and tobacco). The respective shares of mining, metals, construction and other industries requiring large investments are below level with

experience of fascist regimes shows that the public sector is the first objective of anti-Jewish legislation. See, for example, Idem, 'The Economic Dimension of Anti-Semitism. Anti-Jewish Legislation in Hungary 1938-1944', in *East European Quarterly*, vol. 20 (1987) pp. 447-465.

⁴⁴ The reasons for this slight participation in agriculture are numerous and most of them have been extensively treated in the literature. The deciding factor was political and legal limitations on land ownership and use. When finally, in the nineteenth century, emancipation opened agriculture to the Jews it was no longer a promising industry, which would attract either Jewish immigrants or the local Jewish population. Simon Kuznets, *op. cit.*, p. 1606; Yehuda Don, Yehuda. 'Economic Behaviour of Jews in Central Europe Before World War II', in *Ethnic Minority Groups and Economic Development (1850 - 1914), Papers for 10th International Economic History Congress in Leuven*, Leuven 1991, p. 117. Besides relatively small returns to labour and capital another reason was the relatively high price of land and the hostility of the peasant environment. Therefore the only possible form of Jewish settlement in the countryside was through the establishment of colonies. Arcadius Kahan, 'The Transition Period', in Nachum Gross (ed), *op. cit.*, p. 92. The situation of the Galician Jewry stands out in this respect; due to the underdevelopment of the country and its position within the Austro-Hungarian economy, the area open to Jewish economic activity outside the agricultural sector was limited.

⁴⁵ Refraining from activity in the public sector was particularly striking among Eastern Jewish communities due to the lack of elements of cooperation with authorities embedded in the organization of the Hasidic movement. Certain elements of the Hasidic community were simply incongruous as they were based on social and religious unity, independent of state authorities and practically directed against them. Samuel Ettinger, 'The Internal Struggle in East European Jewry', in H. H. Ben-Sasson (ed), *The History of the Jewish People*, London 1976, p. 4.

respect to the shares administered by non-Jews⁴⁶.

In the light of what has been said so far we may attempt to sketch the theoretical framework for the analysis of the ethnic conflict in Galicia. Since another typical feature of middleman groups is the fact that it usually generates hostility in the resident society, the concept of a middleman minority seems to be the most appropriate theoretical device for the study. It should be noted that the analysis of economic issues within this framework forces us to consider any reaction of the resident society against a minority in rational categories. Accordingly, the work concentrates on the questions as expressed through actions and not through attitudes. It seems legitimate then, to define Galician Jews as an economic interest group⁴⁷. Simply put, Jews came into the confrontation with the resident society because elements in each group had contradictory economic goals. Stryker noted that, since not all middleman minorities are subjected to systematic prejudice, the middleman economic position eventuates in systematic prejudice only as a part of a complex structural variable. One of its primary elements would be economic relationships - patterns centering around the production and distribution of goods⁴⁸. Following this line of reasoning, the emphasis should be

⁴⁶ Simon Kuznets, *op. cit.*, pp. 1597-1666. There is at least one example contradictory to the model - large Jewish investment in the modern textile industry in Łódź, at the end of the nineteenth century and in the beginning of the twentieth century. On this issue, see Filip Friedman, 'Rola żydów w rozwoju łódzkiego przemysłu włókienniczego', in *Miesięcznik Żydowski*, vol. 1/1 (1930-31), pp. 431-450.

⁴⁷ The term 'economic interest group' constitutes nothing else than the reformulation of the Marxist approach to Jewish economic history. As it is known, Marx perceived the problem of Jewish emancipation as a social rather than a religious issue. Accordingly, only a study of the economic role played by the Jews may explain the preservation of the Jewish religion and identity. The concept of the Jews as a social class has been applied in Abram Leon's book on Jewish economic history (Abram Leon, *op. cit.*). Although we do not adhere to sweeping generalizations suggested by Leon we believe that the Marxist approach to some periods in Jewish economic history may be worthwhile. Regarding their economic position, Jewish groups in Eastern Europe are those whose economics should be studied from this perspective in the first instance. The class aspect of the Jewish question was noted by Jacob Lestschinsky who wrote about Eastern Jews that "Der ausseren Welt gegenüber waren alle Juden daher nicht nur eine besondere ethnische und religiöse, sondern auch eine soziale, eine Klasseneinheit". Jacob Lestschinsky, 'Fragen der Ostjüdischen Wirtschaftslebens', in *Der Jude* vol. 1 (1915/1916), p. 161.

⁴⁸ Stryker Sheldon, 'Social Structure and Prejudice', in *Social Problems*, vol.5 (1957), pp. 341-353.

laid on the fact that the prejudice on the resident society side is generated by a 'middleman economic position'. 'Economic' implies two contexts: 1) the way the prejudice is shaped is different from the prejudice generated by religious, cultural or psychological aspects 2) the behaviour of majority driven by such prejudice (i. e. actions taken against economic activities of middleman minority, formulation of the ideology directed against middleman groups, the composition of main social carriers of such ideology) may be best explained by referring to terms like unequal allocation of resources, economic interest or modernization of the broader society.

In feudal society, the economic tenet of the conflict did not come to the fore because the Jews had no economic counterpart to some of the social groups (court nobility, gentry and peasantry) and thus the problem of economic competition could not enter into the relationship⁴⁹. The only exception were non-Jewish merchants and craftsmen; two groups which in Eastern Europe were of limited size. Economic interests gained importance during the period of transition to the capitalist economy when the status of middleman minority is no longer out of contest. It does not necessarily mean defying the approach professed by social psychology that the majority's hostility is generated from cultural traditions, belief systems or psychological problems of the majority⁵⁰. I will argue however, that in the period under investigation, economic factors were of primary importance for the explanation of the course and intensity of the ethnic antagonism. This view

⁴⁹ Arcadius Kahan, 'Early Modern Period', in Nachum Gross, *op. cit.*, p. 71.

⁵⁰ Mainstream study in the field of social psychology has convincingly demonstrated the mechanisms linking anti-Semitism to the authoritarian personality and the process by which a personal prejudice finds its way in a given social situation. Out of a pile of classic texts one may refer here to Georg W. Allport, *The Nature of Prejudice*, Mass. 1973; Theodor W. Adorno et al., *The Authoritarian Personality*, New York 1950; E. Simmel (ed), *Antisemitism: A Social Disease*, New York 1946. According to Bonacich, the recognition of the economic background of the ethnic conflict directly challenges pure-prejudice theories, that is, it challenges the assumption that racial and cultural differences in themselves prompt the development of ethnic conflict. Edna Bonacich, 'A Theory of Ethnic Antagonism: The Split Labor Market', in *American Sociological Review* vol. 38 (1973), pp. 547-559. This opposition is derived from a more general theoretical stance which contrasts merits of economic theories of social causation with those that have stressed ideological factors such as belief systems, mental outlooks or religious motivations. Such a radical contradiction between an economic approach on one hand and a sociological or psychological approach on the other appears overdrawn. Since socio-economic factors condition each other within the social structure it is obvious that a purely 'materialistic' interpretation is difficult to sustain. Werner Cahnman, 'Socio-economic Causes of Antisemitism', in *Social Problems*, vol. 6, (1958), p. 22. For more extended treatment of this issue, see Hubert Blalock, *op. cit.*

may be aptly posited in the broader theoretical framework outlined in the recent works of Goldscheider and Zuckerman. The principal tenet of their approach to the history of Jewish communities is that issues such as population change, urbanization pattern and occupational concentration - rather than the Jews' 'modern values', 'capitalistic mentality' or ideological and religious commitments - account primarily for Jewish responses to modernization⁵¹.

Before proceeding I shall point out to some complications in the application of middleman minority theory to the Jewish ethnic group in Galicia. The major drawback is a consequence of the fact that this approach rests almost entirely upon the evidence of immigrants to the industrial economy of the United States in the nineteenth and twentieth centuries. Therefore, the theory places recent migratory origin and urban residence among the constitutive elements of any middleman minority. Consequently, when explaining the nature of their economic activity and organization, the theory resorts to such issues as skills brought by immigrants from the country of their origin, difficulties when entering already established economies, motivation for thrift, or concentration in ethnic enclaves⁵². Light rightly discerned the ensuing problem for the treatment of the Jewish groups in Europe, which were active in trade long before Zionism opened the roads to repatriation in Palestine⁵³. Zenner, in his review of the middleman minority literature, is of similar opinion: most East European Jews had lived in Eastern Europe from birth and their ancestors were rooted in this territory equally. Therefore, they may still be regarded as strangers, but not as sojourners⁵⁴. This

⁵¹ Calvin Goldscheider and Alan S. Zuckerman, *op. cit.*, p. 229.

⁵² For a review of explanations of middleman minority entrepreneurship based on the evidence of immigrant groups see, Jose A. Cobas, 'Paths to Self-Employment Among Immigrants. Analysis of Four Interpretations', in *Sociological Perspectives*, vol. 29 (1986), pp. 101-120; Idem, 'Ethnic Enclaves and Middleman Minorities. Alternative Strategies of Immigrant Adaptation?', *Ibidem*, vol. 30 (1987), pp. 143-161.

⁵³ Ivan Light, 'Disadvantaged Minorities in Self-Employment', in *International Journal of Comparative Sociology*, vol. 20/1-2, p. 33.

⁵⁴ Walter P. Zenner, *op. cit.*, p. 20. A way out of this impasse has been suggested by Yehuda Don. Don has noted that landlessness (typical of Jewish minorities) or the absence of a specific territorial base creates a situation which, in certain aspects, is similar to that of an immigrating

theoretical awkwardness is discernible also in Kuznets' treatment of the issue. According to Kuznets, the term 'recent origin' is used to suggest that the major part of Jewish minorities arrived after the economy of the country of destination was already entirely manned by the resident majority; hence the economic choice available to Jews was limited by established interests⁵⁵. Nevertheless, his study refers almost uniquely to the economic activities of the Jews migrating to early industrial economies. Kuznets, much as the bulk of middleman minority literature, disregards the evidence of large Jewish communities which, like Galician Jewry, were already settled for centuries in the societies of Eastern Europe. As a result, until now the postulates of the theory have not been tested on Jewish middleman groups of this particular profile.

With this warning in mind we may return to the issue of Jewish economic activities in Galicia. The economics of the Galician Jews had some specific traits which distinguish them from both other Jewish groups and middleman minorities. First of all, an untypically high share of Jews relied on the rural economy for their livelihood. As late as 1900, the population census shows that 17.65 per cent of Jews in Galicia were employed in the agriculture and forestry sector. Moreover, most of the Jews employed in the trade and commerce sector derived their income from the marketing of agricultural products. Another large group, accounting for 9.5 per cent of gainfully employed Jews, was composed of village innkeepers.

It has been said that the semirural nature of Jewish economic activity was inherent to most East European societies. However, the policies executed in the states that replaced the Polish-Lithuanian Commonwealth brought about the forced urbanization of Eastern Jewish communities in Prussia and in Kingdom of Poland. As a result, the number of rural Jews in the Pale of Settlement decreased

minority. Members of the landless or immigrating minority find themselves in the role of outsiders and may resign themselves to alien status and seek to reduce their contacts with the authorities to an unavoidable minimum. In this way, such groups will pursue economic activities outside the public or semipublic sectors. Yehuda Don, 'Patterns of Jewish Economic Behavior in Central Europe in the Twentieth Century', in Y. Don and V. Karady (eds), *op. cit.*, p.143.

⁵⁵ Simon Kuznets, *op. cit.*, pp. 1599-1600.

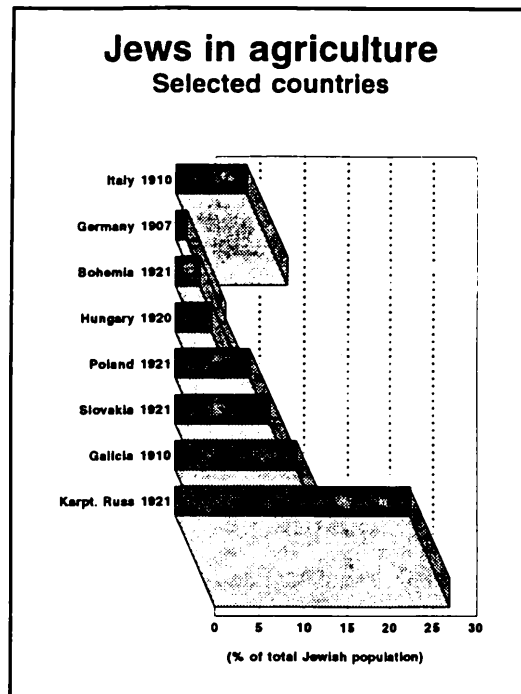
substantially⁵⁶, while in Prussia they were entirely removed from the countryside. In Galicia, unlike elsewhere, there were no legal and political restrictions on Jewish mobility or on settlement in the countryside⁵⁷. Remoteness from centres of administrative power, a low level of urbanization and the need for financial and administrative services in manorial economies left a large part of Galician Jews outside the urban environment. Jacob Lestschinsky, the eminent Jewish demographer, wrote of this situation that "except for Bukovina, Galicia is the only land in the whole world where such a large percentage of Jews lives in villages"⁵⁸. The following graphs document his words.

⁵⁶ Whereas in the years 1808-1810 36.4 per cent of Jews in the Kingdom of Poland lived in the countryside, in 1862 the corresponding figure was 13.6 per cent. Only between 1816 and 1827 did the proportion of Jews dwelling in the countryside decrease from 32.2 per cent to 19.6 per cent. The urbanization of the Jewish population occurred not only due to economic and demographic factors but also due to the restriction on Jewish economic activities in the countryside. 'Ukaz' of 5/17 July, 1844 barred the Jews from the production, distillation or sale of alcoholic beverages, while in 1853 the Jews were also prohibited from residing in villages including inns and breweries. Artur Eisenbach, *Z dziejów ludności żydowskiej w Polsce w 18 i 19 wieku*, Warszawa 1983, pp. 239-240; Heiko Haumann, *op. cit.*, p. 95. The steady removal of Jews from villages within the Pale of Settlement was crowned by the May Laws of 1882 for Russia and 1891 for Congress Poland, in which Jews were forbidden to acquire any sort of rural property. At the same time, the Tsarist regime withdrew from his former policies aiming at the 'productivization' of the Jews through the agricultural colonization of new lands. Salo W. Baron, *The Russian Jew under Tsars and Soviets*, London/New York 1964, pp. 95-96. Haumann argues that Jews in the Kingdom of Poland had been cast out of their traditional intermediary position between town and village. This assertion seems to be too radical - even in urban environments Jews could at least partly fulfil their traditional function. Heiko Haumann, *op. cit.*, p. 96. See also Andrzej Żbikowski's review of Hauman's book in *Przegląd Historyczny*, vol. 2 (1991).

⁵⁷ The Tolerance Patent of 1782 prohibited from further residence in villages those Jews who derived their income from usury and the sale of alcohol. These restrictions, however, were never observed and their abolition, which took place on 13 January, 1860, was only a formality. Filip Friedman, *op. cit.*, p. 382 and 388.

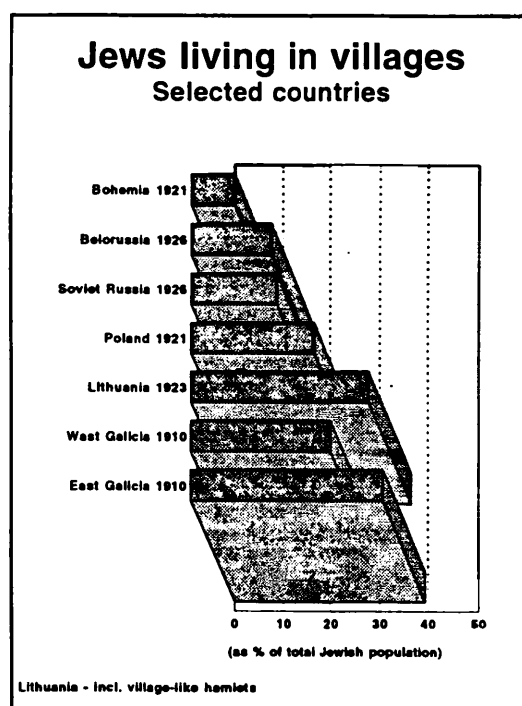
⁵⁸ Jacob Lestschinsky, *Jidische Volk in zifern*, Berlin 1922, p. 99. One can also mention here the Jews of Transcarpathia (Zakarpatskaya Rus'). The survey conducted by the American Distribution Joint Committee in 1921, which included 60 per cent of the overall Jewish population in the countru, showed that 22.3 per cent was employed in agriculture, as shepherds or agricultural workers. However, the total Jewish population of Transcarpathia was ten times smaller then the number of the Jews in Galicia. Alexander Baran, 'Jewish-Ukrainian Relations in Transcarpathia', in Potichnyj and Aster (eds), *Ukrainian-Jewish Relations in Historical Perspective*, Edmonton 1988, p. 167.

The phenomenon of Jewish involvement in rural economics varied with the region and did not necessarily adhere to the distinction between industrial and agrarian societies. At the beginning of the nineteenth century, about 90 per cent of the Jews living in the German speaking countries of Central Europe resided in villages and small country towns. As late as 1895, almost one half (44.5 per cent) of all Bavarian Jews still dwelled in rural communities. Another example is a large Jewish group settled in the Alsatian countryside. The difference lay in the origin of rural settlement and the character of the Jewish economics on either side of the European *Gefälle*.



Graph 1.

Briefly recapitulated, the Jews residing in rural communities in Western Europe were, to recall Cahnman's apt term, 'urbanities transmuted into rural folk'; they were those who were expelled from cities into villages under the political pressure of urban guilds. In the villages, where the guilds could not exercise effective control the Jews were able to re-enter merchandise again, engaging in the trade with agricultural products and credit services to the peasantry. Jews in Eastern Europe did not experience the reverse process of urban out-migration to a significantly lesser degree because the political weakness of the indigenous bourgeoisie in combination with the royal and gentry's protection prevented them from being driven out of Polish towns. The data on rural German Jews, along with the quotation, come from Werner Cahnman, 'Village and Small - Town Jews in Germany', in Joseph B. Maier et al. (eds), *German Jews. Its History and Sociology. Selected Essays by Werner Cahnman*, New Brunswick/Oxford 1989; see also Arthur Ruppin, *Die Soziologie der Juden*, Berlin 1930-31, vol. 1, pp. 31-33. For the most informative account on Jews in Alsace see Zosa Szajkowski, *The Economic Status of Jews in Alsace, Metz and Lorraine (1648-1789)*, New York 1959.

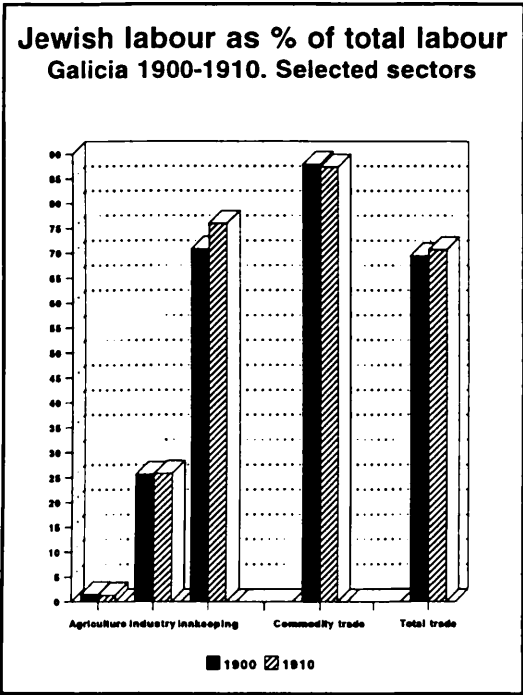


Graph 2.

Source: Arthur Ruppin, *Soziologie der Juden*, Berlin 1930-31, vol. 1, p. 108.

The second difference between Galician Jewry and other Jewish communities lies in the function fulfilled by the Jews in the Galician economy. Most case studies of middleman minorities point to their ability to establish monopolies in certain areas of the economy. Usually, however, these monopolies encompass some specific subbranches which are spatially confined to a city (a district) or a region of a country. In Galicia, Jews practically substituted the indigenous middle class and their domination spread to the whole sector of trade, finance and commerce. The extent of this phenomenon is shown in the subsequent graphs. What should be noted here are the repercussions stemming from the difference between the occupational composition of the Ukrainian and Polish

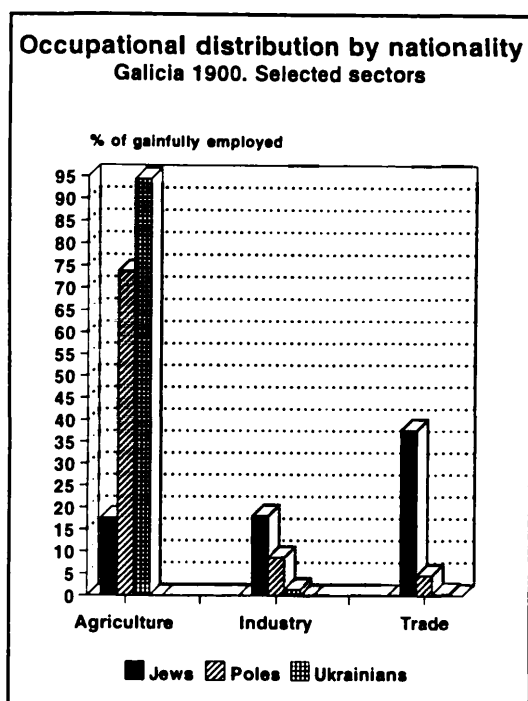
populations. It may be assumed that the 'status gap'⁵⁹ left to Jewish economic activities in the economics of the Ukrainian ethnic group was larger than the gap opened in the occupational structure of the Polish society. One would expect corresponding differences in the character of the Jewish economics, according to the national composition of the environment in which they were located.



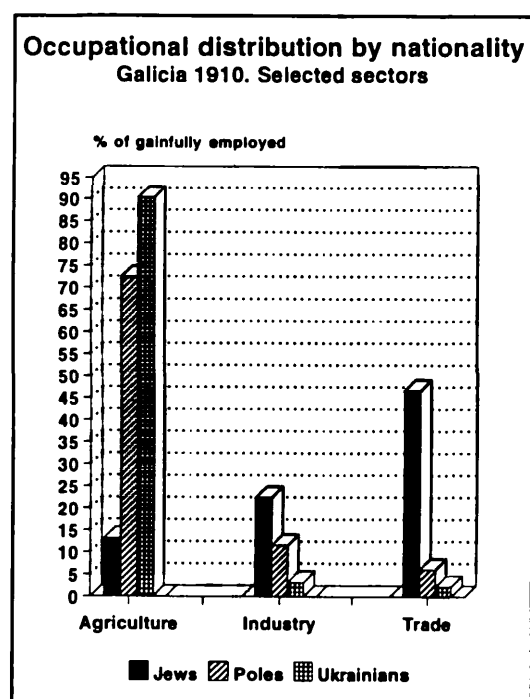
Graph 3.

⁵⁹ The term denotes the gap characteristic of the dichotomic social structure in feudal societies composed of landed aristocracy and peasantry. Irwin D. Rinder, 'Strangers in the land: social relations in the status gap', in *Social Problems*, vol. 6 (1958/59), p. 254. From the statistical point of view the status gap may be observed as an inverse ratio of the occupational distribution of the minority to the occupational distribution of the general population of the country. Salomon Godelman, 'Patterns in the life of an ethnic minority', in *The Annals of the Ukrainian Academy of Arts and Science in the United States*, vol. 7 (1959), p. 1574.

The status gap in Galician society has been aptly described by Lestschinsky: "(...) der Gutsherr saß zu hoch, der Bauer zu niedrig; der Jude stand in der Mitte, zwischen zwei anderen Klassen. Der Jude hat mit beiden Geschäfte - aber nur Geschäfte". Jacob Lestschinsky, 'Fragen des ostjüdischen Wirtschaftslebens', in *Der Jude*, vol. 1 (1915/1916), p. 161.



Graph 4.



Graph 5.

Source: 1900 - Józef Buzek, 'Stosunki zawodowe i socjalne ludności w Galicji wg wyznania i języka na podstawie spisu ludności z 1900 r.', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/2, (1905); 1910 - 'Berufstatistik nach der Ergebnissen der Volkszählung vom 31. Dez. 1910 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, Neue Folge, vol. 3 (1914).

The extent of the engagement of Galician Jews in the rural economy along with the importance of their quasi monopolistic position in the whole sector of intermediary services stands out when related to the issues of domination in middleman minority theory. This is due to the already mentioned fact that the theory leaves outside its main concern the case of Jewish ethnic groups in Eastern Europe. Zenner notes that only seven of the authors considered in his review of middleman minority theories have dealt with Eastern Jewry at any length (Wallerstein, Leon, Weinryb, Andreski, Kuznets, Spulberg and Eitzen), and that none of them did it in the direct theory line. Zenner asserts that, although the general applicability of the theory appears to be validated, certain specific hypotheses should be reconsidered. There are two points that require more precise theoretical formulation. The first one derives from the large size of the Jewish Eastern European communities and, consequently, their ability to establish majorities in trade, commerce and banking. In this respect the Jews resemble more the large concentrations of Chinese and Indians in Thailand, Malaysia or Natal than ethnic enclaves. Another consequence of the size of the Jewish groups residing in Eastern Europe prompts the observation that their structure is too diverse to be considered a 'trading minority'. Therefore, an extended definition of middleman minority should take into account other activities closely tied to commerce, particularly services and light commodity production⁶⁰. We will examine these aspects of the theory in the subsequent sections of this work.

What appears as the most appropriate approach to the case of Galician Jewry is that of how its economic organization was modified by the transition from a feudal to a capitalist economy. Although it is possible to refer to the Jewish group before and after the abolition of serfdom as a middleman minority group, it is necessary to lay emphasis on the changes in the nature of the intermediary services supplied by the Jews to the resident society. As we have noted, the reinforcement of serfdom which occurred in the course of the seventeenth century in Eastern Europe tied Jewish economic activity to the feudal estate at the

⁶⁰ Walter P. Zenner, *op. cit.*, p. 20.

expense of classical middleman occupations in trade and commerce⁶¹. The side effect of the general decline in the volume of commerce crossing the lands of the Polish-Lithuanian Commonwealth was the establishment of Jewish monopolies in some branches of handicrafts producing for the needs of local, isolated markets⁶².

It seems reasonable to expect that the transition to a market economy implied deep changes in the structures and organization of the chief areas of Jewish economic activity. The major shift was between falling away from rural intermediary occupations and turning to new opportunities created by rising capitalism. Jews, for some time, did not cease to supply their intermediary services to the resident society, but now they did it under a radically different form (and volume) of economic exchange. Within the scheme we outlined above two problems appear. First, we may ask how the Jewish economics were modified by the gradual disappearance of the feudal order and how, notwithstanding alleged changes, it continued to retain its principal characteristics? Such a question would lead to the heart of the central issue of middleman minority theory, namely the analysis of the relations between the nature of economic activities and the retention of ethnicity. The second problem concerns the very

⁶¹ "The proportion of the Jewish population which was engaged primarily in commerce was greatest in the sixteenth century and declined slowly in the course of the seventeenth and more rapidly during the eighteenth century". Nevertheless, due to a general economic decline of the country, the share of Jews in Polish commerce increased. David Gershon Hundert, 'The Role of the Jews in Commerce in Early Modern Poland-Lithuania', in *Journal of European Economic History*, vol. 16/2 (1987), p. 245. The process of agrarianisation of Polish towns implied also change in the main staples of the Jewish trade. With the improvement of shipping technology and cheapening of transportation costs, Jews abandoned the precious metal and colonial trades for the trade of grain and other bulk products. Arcadius Kahan, 'The Modern Early Period', in Nachum Gross (ed), *op. cit.*, p. 62; Jakub Goldberg, *op. cit.*, p. 112. At the same time, the proportion of Jews deriving their income from holding a liquor franchise (an economic activity typical of a feudal economy) was steadily increasing; in the eighteenth century, holders of a liquor franchise constituted 25 per cent of total Jewish population. Idem, 'Władza dominialna Żydów-arendarzy dóbr ziemskich nad chłopami w XVII-XVIII wieku', in *Przegląd Historyczny*, vol. 81 (1991), p. 191. At the end of the eighteenth century, in the villages of the Lwów province, 74 per cent of Jews were registered as innkeepers or farmers. Georges Castellan, 'Remarks on the Social Structure of the Jewish Community in Poland Between the Two World Wars', in Bela Vago and George Mosse (eds), *op. cit.*, p. 191.

⁶² In Galicia in the first half of the nineteenth century Jews, held a monopoly in virtually all the branches of handicrafts. Matthias Moser, 'Der jüdische Wucher und der Judenhaß', in *Der Jude*, vol. 6 (1921/22), p. 424.

process of development in agriculture. Having acknowledged the specific position of the Jews in the rural economy one tends to ask about the way it influenced the emancipation of the peasantry. Were the Jews those who, due to their commercial abilities, facilitated the introduction of the peasantry into a market economy? In other words, was it through them that the Polish and Ukrainian village emerged from their feudal isolation? Or, because of the persistently precapitalist character of their economic activity, did the Jewish group helped to conserve the backwardness of the agricultural sector?

The discussion whether the Jewish economics are of pre- or procapitalist nature has a long history dating back to Weber's concept of the Jews as representant of 'Pariavolk'. The application of this term was intended to define the Jews before their assimilation as a people living without attachment to a native soil of their own and connected with the broader societies only by certain economic functions they exercised. Weber denied that the Jews can be regarded the carriers of modern capitalism due to their status as a guest people standing outside political society. The outcast position made the Jews engage in such marginal and irrational types of capitalism as tax farming and political financing. Therefore, the economic activity of the Jews cannot be described as rational capitalism based on organisation of free labour with the aim of controlling the production of saleable goods, such as developed in the West⁶³.

Weber's approach has been challenged in the works of two other German economic historians, Werner Sombart and Wilhelm Roscher, who perceived the Jews as those who introduced Europe to capitalism in its modern form⁶⁴.

⁶³ Max Weber, in Stanislaw Andreski (ed), *Max Weber on Capitalism, Bureaucracy and Religion*, London 1987, pp. 129-131.

⁶⁴ Werner Sombart, *Die Juden und das Wirtschaftsleben*, Leipzig 1911; Wilhelm Roscher, 'Die Stellung der Juden im Mittelalter vom Standpunkt fuer die allgemeine Handelspolitik', in *Tuebingen Zeitschrift fuer gesamte Staatswirtschaft*, vol. 31 (1875), pp. 503-526. Detailed debate on the prehistory of 'Jews of theories may be found in Walter P. Zenner, *op. cit.*, pp. 2-3.

Tamari argues, contrary to Sombart, that it was always hallachic background that guided Jewish behaviour in the market, not the socio-economic situation of the Jews or the economic system of the given period. Thus it is not that Judaism is protocapitalist in any sense; it is simply that the free-market economy is compatible with Jewish economic ethics since they recognize the concept of profit, private property and the role of demand and supply in determining prices. Meir Tamari, *op. cit.*, p. 149. Yet another stance is presented by Kahan; he argues that mainstream theories viewing the Jews as 'objectively acting' on the behalf of the capitalist order should be

Nevertheless, middleman minority theory employs a notion which is more in tune with Weber's concept - it is sufficient to mention here Becker's 'marginal trading minority' or Sjoeborg's 'outcaste traders'. The two latter terms seem to be more pertinent than the 'pariah' notion employed by Weber; as pointed out by Cahnman, the applicability of the concept to the Jewish situation is limited and its usefulness lies rather in the general idea than in its operationalization⁶⁵. Some authors discern that members of ethnic groups may represent modern economic behaviour but only when located in a traditional setting⁶⁶. In similar line Bonacich contents that middleman minorities may fail to adapt to opportunities created by modern industry because middleman economic behaviour is closer to preindustrial capitalism than to its modern forms⁶⁷.

Most of the research on middleman minorities has been carried out in respect to contemporary ethnic groups; therefore it is difficult to find clear theoretical assumptions applicable to Galician Jewry. Nevertheless, the validity of the approach linking Jewish economics and peasant emancipation lies in anchoring the alterations affecting the Jewish economics in the general process of economic and social transformation of non-Jewish society. On the other hand, the importance of the Jewish economic activities for the whole of Galician society situates them in the centre, not on the margin, of the economic history; Jews appear as a protagonist rather than catalyst. Therefore, it is hoped that such

revised because they are based on a fallacious assumption with respect to the abundance of capital in the Jewish economic sector. Arcadius Kahan, 'The Modern Period', in Nachum Gross, *op. cit.*, p. 83.

⁶⁵ Werner Cahnman, 'Pariah, Strangers and Court Jews', in Joseph B. Maier et al. (eds), *op. cit.* The concept of 'Pariavolk' is discussed in Hans Liebeschuetz, 'Max Weber's Historical Interpretation of Judaism', in *Leo Baeck Institute Yearbook*, vol. 9 (1964), p. 52.

⁶⁶ Herbert Blalock, *op. cit.*, pp. 80-81.

⁶⁷ Edna Bonacich, 'A Theory of Middleman Minorities', in *American Sociological Review* vol. 38 (1973), p. 588. This failure stems from the observation that business units manned by middleman minorities blur the distinction between employee and employer and substitute close family ties for impersonal ties, typical of modern capitalism; this prevents them from growing into modern industrial enterprises. Edna Bonacich and John Modell, *op. cit.*, pp. 31-32. In a more recent article however, Bonacich recognizes the problem of persistent presence of ethnic groups in the American economy and admits that there appear to be certain functions which middleman minorities serve within modern capitalism. Edna Bonacich, 'Middleman Minorities and Advanced Capitalism', in *Ethnic Groups*, vol. 2 (1980), pp. 211-219.

strategy allows us to avoid two deficiencies inherent to traditional versions of Gentile and Jewish histories - the analysis of European societies with passing reference to the Jews⁶⁸ or focusing on the Jews and omitting all but minimal reference to the non-Jewish world⁶⁹.

In order to remain in accord with the middleman minority theory we refer to Galician Jews as to the minority group. This does not mean that we are not aware of the controversies concerning the use of this term. Our understanding of the Jewish position in broader society is close to the concepts linking the minority position with discrimination; it should be emphasised, however, that, unlike in most cases, the discrimination does not necessarily result in the inferior socio-economic standing of the middleman minority. On the other hand, the selection of research areas and the methods of analysis applied in our work draws on that concept of ethnic group where ethnicity is considered to be a variable whose continuity is grounded in structural factors: economic clustering, relative size or residential patterns. Therefore, for the reasons of convenience, the term minority is used as interchangeable with the term 'ethnic (Jewish) group'.

Since the original interest of our research lies in the Galician agrarian sector, we will focus on the issue of linkages between economic development in agriculture and the Jewish economics. Roughly speaking, this approach presumes that changes in the economic profile of the Jewish minority may be taken as indicative of the pace of this development. Bearing in mind the relationship between the Jewish economics and the feudal economy, one may say that the preponderance of Jews in rural trade and credit markets would denote the persistence of backwardness in agriculture. It is so not only because usury or the monopoly on intermediation in free-hold system are precisely the phenomena that do belong to the feudal model. Our other contention is of a functional nature - the persistence of ethnic division in the labour market stands against the functionality

⁶⁸ The critique of such an approach with respect to Polish economic history of sixteenth-eighteenth centuries may be found in M. J. Rosman, *The Lord's Jews: Magnate-Jewish Relations in the Polish-Lithuanian Commonwealth during the Eighteenth Century*, Cambridge 1990.

⁶⁹ Calvin Goldscheider and Alan S. Zuckerman, *op. cit.*, p. 12.

of the economy as a whole, because individuals are assigned economic roles on the basis of ethnic traits⁷⁰. In this context the dominance of the Jews in the rural economy entails a lack of functional differentiation of the peasantry, which in turn conditioned its emancipation. It should be stressed, however, that the hypothesis is open to modifications implied by possible changes in the nature of Jewish economic activities and their outcome for the agrarian sector. Within this framework we will focus on two processes: first, the economic consequences of the domination of the Jews in middleman pursuits; secondly, the linkages between the intra-ethnic economic organization of the Jews on one side and the Ukrainian and Polish peasantry on the other; particular attention will be given to the rural credit and trade markets.

Before we proceed, let us point out some difficulties facing such an investigation. The major problem is connected with the completeness of series. Jews were not accorded the status of a nationality (*Volkstamm*) but were considered only as a religious group (*Religionsgemeinschaft*). Therefore, during censuses Jews were forced to claim the command of languages different than Yiddish - usually Polish or, to lesser degree, German. As a consequence, the statistics including the religious data are not interchangeable with language data⁷¹. Moreover, the publications of the Central Statistical Commission in

⁷⁰ It is true that there are some examples of well functioning ethnic labour markets. Large estates in East Prussia which faced in the harvest period shortages of local manpower employed large numbers of Polish and Ruthenian workers from the Congress Kingdom and Galicia. The wage differential between East Prussia and Polish parts of Austria and Russia made it beneficial both to landowners and workers. However, this phenomenon was of seasonal nature only and concerned a small part of the country's labour market.

⁷¹ Many Polish statistics published during World War I made use of this fallacy to counteract Ukrainian claims to Eastern Galicia through the increase in the number of Poles in its population. The example of such statistical studies are Eugeniusz Romer and Ignacy Weinfeld, *Polish Annuals*, Lwów 1917; Antoni Cieszyński and Wilhelm Pokorny, *East Galicia in Figures and Drawings*, Warszawa 1922. In similar line *Polish Encyclopaedia* published in Geneva in 1924 (vol. 2) claimed that in 1910, 74 per cent of all taxes in East Galicia was paid by Poles and only 26 per cent by Ukrainians; again, the entry does not mention the Jewish minority which accounted for 12 per cent of total population in East Galicia in this period. Surprisingly enough, this figure is quoted by Rudolph in his recent contribution to a conference on the Ukrainian economic history; even his conclusion is concurrent with the original aim of Polish authors, that is it points to the economic weakness of the Ukrainian population. Richard Rudolph 'The East European Peasant Household and the Beginnings of Industry: East Galicia, 1786-1914', in Ivan S. Koropecyk (ed), *Ukrainian*

Vienna did not include confessional data until the reform of Austrian statistics in 1895⁷². In fact only the censuses of 1900 and 1910 yield information on Jewish population comparable to those on other nationalities in Austria-Hungary. Thus, until 1900, the occupational statistics of Jewish population are not available⁷³.

To be sure, there were some earlier attempts to collect Jewish statistics. The Jewish synod held in 1871 in Augsburg commissioned statistical studies on the demography of Austro-Hungarian, Swiss and German Jewry⁷⁴. The work for Austria-Hungary was completed by Alfred Schimmer and published in 1873, but it contained only a set of demographic data for the country as a whole⁷⁵.

The general opinion is that, as far as the content of the forms and method of data collecting is considered, Austrian population censuses may be classified as modern surveys and the existing deficiencies do not question considerably their credibility⁷⁶. The main source of distortions was processing of data by unskilled

Economic History: Interpretative Essays, Cambridge/Mass. 1991, pp. 338-382.

⁷² Tadeusz Piłat, p. 22. The only exception was an article published in 1883 whose author calculated some indices of natural movement of Galician population broken along confessional lines. See, Wiktor Kitz, 'Die Bewegung der Bevölkerung in Galizien im J. 1882 mit Rücksicht auf die Confessionen', in *Statistische Monatsschrift*, vol. 9 (1882), pp. 546-550.

⁷³ The problem concerns most of West European states. Population censuses dropped questions about religion in France since 1872 and in Great Britain from 1860s onwards. The non-existence of the effective separation of Church and state in the Empire and its successor states kept data on confessional status of individuals among official data of civil status for much longer period of time. In Hungary, for example, confessional statistics were dropped as late as in 1949. Thus, scholars studying twentieth century Jewish economic history in Central and Eastern Europe find their task less complicated than those dealing with Western Jewish communities. Victor Karady, 'Demography and Social Mobility: Historical Problem Area in the Study of Contemporary Jewry in Central Europe', in Yehuda Don, Victor Karady (eds), *op. cit.*

⁷⁴ Alfred Nossig, *Rocznik Żydowski*, Lwów 1903, p. 139.

⁷⁵ Gustaw Adolf Schimmer, *Statistik der Judenthums in den im Reichsrathe vertretenen Königreichen und Ländern nach dem von k.k. Ministerium des Innern angeordneten Erhebungen und nach sonstigen Quellen*, Wien 1873. Except Schimmers work some scattered demographic data on Galician nationalities has been collected in official 'Schematismus' published in Lwów for the years 1863, 1864, 1867 and 1868. Józef Buzek, 'Stosunki zawodowe i socjalne ludności w Galicji wg wyznania i języka na podstawie spisu ludności z 1900 r.', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/2, (1905), p. 204.

⁷⁶ Tomasz Gąsowski, 'Austriackie spisy ludności z lat 1869-1910', in *Przeszłość Demograficzna Polski* vol. 13 (1981), pp. 47-48; Krystyna Baranek, 'Analiza struktury zgonów ludności w Galicji w latach 1881-1890', in *Zeszyty Naukowe Akademii Ekonomicznej w Krakowie*, No. 203 (1984), p.

people and different principles of data grouping. Particularly unsatisfactory in this respect was the scheme of the occupational distribution adopted in the census of 1880⁷⁷. For the purpose of time comparisons, however, we will use mainly the censuses of 1900 and 1910 in which most of the statistical imperfections has been eliminated⁷⁸.

Yet another difficulty was connected with constant changes in the Galician administrative system. A basic territorial unit applied in the publication of census results was political district (*powiat polityczny, politische Bezirk*). However, the reform of 1878 changed the political division of the country to a degree that does not allow for any comparisons between the censuses of 1869 and 1880 at the county level⁷⁹. Between 1880 and 1910, seven new political counties were created which entailed subsequent border corrections⁸⁰. Even if most of these changes may be disregarded or recalculated through computing, still there is a problem of statistical surveys based on different schemes of territorial division. Financial

129. Łukasiewicz and Ihnatowicz underline the high quality of Austrian (and Prussian) organization of data collection in comparison with Russian statistics. Ireneusz Ihnatowicz and Juliusz Łukasiewicz, 'W sprawie badań statystycznych', in Irena Pietrzak-Pawłowska (ed), *Uprzemysłowienie ziem polskich w XIX i XX wieku*, Wrocław/Warszawa/Kraków, p. 30. Krzysztof Zamorski stresses the exceptional value of the Austrian censuses for the analysis of the demographic transition of Galician society. Krzysztof Zamorski, *Transformacja demograficzna w Galicji na tle przemian ludnościowych innych obszarów Europy Środkowej w drugiej połowie XIX i na początku XX wieku*, Kraków 1991, p. 10.

⁷⁷ The 1880 census was a step backwards even when compared to the occupational division applied in the earlier census of 1869. The faulty conception of this data grouping in 1880 was recognized by the Central Statistical Commission ten years later in the preface to the results of the 1890 census. See, 'Analytische Bearbeitung der Berufsstatistik', in *Osterreichische Statistik*, vol. 32/1 (1892), p. III; also footnote 2 to Übersicht 21 'Soziale Schichtung der Berufstatigen in den 3 Hauptberufsklassen A, B und C zusammen', in *Osterreichische Statistik*, vol. 36 (1910), p. 38..

⁷⁸ The most comprehensive discussion on the credibility of Austrian population census is in Brigitte Bolognese-Leuchtenmüller, 'Bevölkerungsentwicklung und Berufsstatistik. Gesundheits- und Fürsorgewesen in Oesterreich 1750-1918', in A. Hoffman, H. Matis and M. Mitterauer, (eds.), *Materialien zur Wirtschafts- und Sozialgeschichte*, vol. 1, München 1978; Tomasz Gąsowski, 'Austriackie spisy ludności z lat 1869-1910', in *Przeszłość Demograficzna Polski* vol. 13 (1981).

⁷⁹ Halina Madurowicz-Urbańska, 'Potrzeby w zakresie historii gospodarczej Galicji', in *Kwartalnik Historyczny*, vol. 87/2 (1980), p. 419.

⁸⁰ The changes in the Galician administrative system are described in Andrzej Burzyński, *Informator statystyczny do dziejów przemysłu w Galicji*, Kraków 1982, pp. 29-31.

statistics often referred to judicial counties (*powiaty sądowe, Gerichts-Bezirk*) and circuit courts (*sądy obwodowe*), whereas the Ministry of Agriculture used as a basic territorial unit the so-called 'economic zones' (*strefy rolnicze, naturliche Gebiete*). Until now reciprocal relations across the borders of political counties, judicial counties and economic zones have not been investigated to a sufficient degree in the Polish literature⁸¹.

The last issue concerns the difficulty in comparing the economics of the Jewish group in Galicia to other Jewish groups settled in Eastern Europe. Here we again touch upon the matter that permeates discussion of Jewish economic history. It is difficult to draw more detailed comparisons because Jewish groups elsewhere were subjected to various form of legal discrimination, which restricted Jewish access to some occupations or impeded their mobility⁸². In addition, different methods of collecting statistics in the countries where Jewish minorities dwelled limit the possibility of cross-cultural quantitative analyses⁸³. Hence, the comparisons have to remain at a certain level of generality.

In my research I use four sorts of sources:

1. Austrian population censuses, statistical studies and surveys published periodically in *Osterreichische Monatsschriften, Mitteilungen aus dem Gebiet der Statistik, Statistisches Jahrbuch der Osterreichischen Monarchie* and *Statistisches*

⁸¹ Madurowicz-Urbańska regards this issue as the major obstacle in the study of the economic history of Galicia. Helena Madurowicz-Urbańska, *op. cit.*, p. 418.

⁸² Jews of different countries and regions differed in the utilization of their resource endowment not only due to dissimilar discrimination systems. In the free market economy, analogous effects had their origin in disparities in economic development. With the environmental conditions varying between more advanced countries and less advanced countries, the ranges of opportunities and the areas of economic activity of the Jews differed from region to region. Arcadius Kahan, 'The Early Modern Period', in Nachum Gross (ed), *op. cit.*, p. 59.

⁸³ The differences in official statistics of the countries with Jewish minorities are briefly discussed in Arthur Ruppin, 'The Jewish population of the World', in *The Jewish People. Past and Present*, vol. 1, New York 1955, p. 349; Uriah Zvi Engelman, 'Sources of Jewish statistics', in Louis Finkelstein (ed), *op. cit.*, vol. 3, pp. 1510-1513; Knöpfel, 'Die Statistik der Juden und die Statistischen Amter', in *Statistik der Juden*, Berlin 1918, pp. 13-20.

2. The publications of the *Krajowe Biuro Statystyczne* (The Crownland Statistical Bureau) which issued *Rocznik Statystyki Galicji* (Statistical Yearbook of Galicia) later renamed to *Podręcznik Statystyki Galicji* (Handbook of Galician Statistics) and, in the form of a journal matching the Austrian *Mitteilungen aus dem Gebiet der Statistik*, *Wiadomości Krajowe o Stosunkach Statystycznych*. *Wiadomości* published results of numerous investigations made under the auspices of the Bureau. Additionally, *Wydział Krajowy* (The Crownland Administration) commissioned a whole set of statistical surveys investigating particular issues (the situation of the cottage industry, the economic standing of the Jewish population). These sources may be given high credence and the works of the Bureau statisticians, even if sometimes motivated by anti-Semitic sentiments, were carried out in accordance with all the requirements of contemporary statistics. The results were often quoted by Jewish national newspapers.

3. *Gazeta Lwowska*, the official governmental newspaper which published announcements of auctions on indebted peasant property.

4. Archival material from Lviv (*Tsentralnyi derzhavnyi istorichnyi arkhiv URSR u m. Lvovi*) concerning Ukrainian cooperative movement.

5. A set of Polish, Ukrainian and Jewish social and economic journals together with Polish and Ukrainian cooperative press: *Ekonomista Polski*, *Zagadnienia Gospodarcze*, *Sprawy Narodowościowe*, *Moria*, *Ekonomist*, *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych w Galicji i W. Ks. Krakowskim*, *Odrodzenie*.

6. The publications of the Berlin Bureau für Statistik der Juden. The office was staffed by some Galician Jews, who in the 1880s emigrated to Berlin and hence

had vested interest in the economic standing of Galician Jewry⁸⁴. Most of the data published by the Bureau was of secondary character but it was usually processed to a much higher degree. Some statistical reports were published as separate editions, others were issued as normal periodicals. Of the latter *Zeitschrift für Demographie und Statistik der Juden*, *Der Jude* and *Judische Statistik* regularly wrote about Galician Jewry.

The Jew is defined through his confession - as a person asserting the Israelite faith. It is not to say that the identification of nationality with denomination does corresponds fully to national divisions. Some Jews who claimed the command of the Polish and, to lesser extent, Ukrainian languages might have really considered themselves Poles or Ukrainians. The general failure of Jewish assimilation in Galicia however, makes one suppose that the number of such cases was insignificant⁸⁵. More substantial was the distortion concerning Polish speakers of Greek-Catholic faith and Ukrainian speakers of Roman-Catholic faith. Polish and Ukrainian authors differed in estimating the size of this group which is not surprising since the share of the two nationalities in the overall Galician population constituted an object of a hot political controversy. The censuses show that the number of mixed cases oscillated around 50,000 - 60,000⁸⁶. Since the data on Polish and Ukrainian nationalities is used only at the country and province level, this number does not exceed 2 per cent of the total population and may be treated as insignificant.

⁸⁴ On the history of the Bureau Für Statistik der Juden in Berlin see, Arthur Ruppin, 'Zur Geschichte des Buros für Statistik der Juden in Berlin', in *Statistik der Juden*, Berlin 1918, pp. 9-12.

⁸⁵ Denomination of the Jewish population by confession was widely accepted by contemporary Jewish and non-Jewish statisticians. Arthur Cohen, *op. cit.*, p. 26; Wolfdieter Bihl, 'Die Juden', in Adam Wandruszka, Peter Urbanitsch and Alois Brusatti (eds), *Die Habsburgermonarchie 1848-1918*, vol. 3, part 2, Wien 1980, p. 880.

⁸⁶ In 1900, for example, the number of Ukrainian speakers was lower by 55,487 than the number of Greek-Catholics. Some additional distortions might be due to the practice allowing the owner of house and manorial territory to specify the nationality of its inhabitants. Walentyna Najdus, *Szkice z historii Galicji 1900-1904*, Warszawa 1958, p. 66. Nevertheless, the Ukrainian claims that only in 1900 about 100,000 Ukrainians had been wrongly included among Poles seems to be grossly exaggerated. W. Ohrymovich, 'Z polia natsionalnoi statystyky', in *Studia s polia suspilnykh nauk i statystyky*, vol. 1, Lwów 1909, pp. 65-77.

In accordance with recent Ukrainian historiography, out of the two terms - Ukrainian and Ruthenian - we prefer the use of the first one⁸⁷. The names of the cities, which have a well established English counterpart - like Cracow and Warsaw - have been anglicised. In other cases Polish names are used, with the exception of Lviv (Lwów, Lemberg, Lvov) for whom the contemporary Ukrainian name is more appropriate. In all the bibliographical references, however, we use Polish names, as they appeared in country's official publications. 'Austria' and 'Austrian' refer to Cisleithania, that is the to the lands east of the Leitha river which after the Compromise of 1867 made up the Austrian part of the Empire. Finally, Galicia is referred to as both 'country' and 'province', the first term being derived from the Austrian terminology (Crownland), the second from historical reality.

Some data will be put forward with respect to two parts of the province - East Galicia and West Galicia. Officially, such partition existed only between 1849 and 1860 and 1861 and 1867⁸⁸. Nevertheless, many statistical works and surveys make use of it until the World War I⁸⁹. The division was also preserved in the judicial structure - the jurisdiction of Lviv and Cracow supreme crownland courts (*c.k. Wyższy Sąd Krajowy*) corresponded to East and West Galicia. A similar

⁸⁷ It will not be wrong to assume that the use of 'Ukrainian' rather than 'Ruthenian' comes from the need to emphasise the historical unity of all Ukrainian lands. The term 'Ruthenians' was used quite often for the ideological purpose of stressing the intimate relationship between Russian and Ukrainian nationalities. The Ukrainian inhabitants of East Galicia referred to themselves as Rusyny until late in the nineteenth century when the term 'Ukrainian' began to gain popularity. However, Kann might be right while choosing 'Ruthenians' - he argues that such terminology is grounded in different history of Western Ukraine in opposition to Ukrainian lands under Russian domination. See, Robert A. Kann, *The Multinational Empire 1848-1918*, vol. 2, New York 1977, p. 43. Interestingly, in the recent census carried in Slovakia in 1990, 17,000 people declared themselves as Ruthenians as opposed to 14,000 who declared that they belong to the Ukrainian nationality. 'H-Net Ethnic History Discussion List, *Internet*, 01.02.1995.

⁸⁸ In this period most of the prerogatives of the country governor were confined to the eastern part of the country. In West Galicia, his functions were transferred to the country government residing in Cracow. Konstanty Grzybowski, *Galicja 1848-1914. Historia ustroju politycznego na tle ustroju Austrii*, Kraków 1959, p. 197.

⁸⁹ The main target of the Ukrainian national movement was the re-introduction of this division. Already in April 1866, Ukrainian deputies in the Galician Country Diet submitted a proposal for the political division of the country into two parts. At the turn of the century, Ukrainian postulates included the creation of a separate Ukrainian crownland (encompassing East Galicia and the Ukrainian part of Bukovina). Therefore, statistical data based on 'die Zweitelung Galiziens' were often used as arguments for, or against, such a solution.

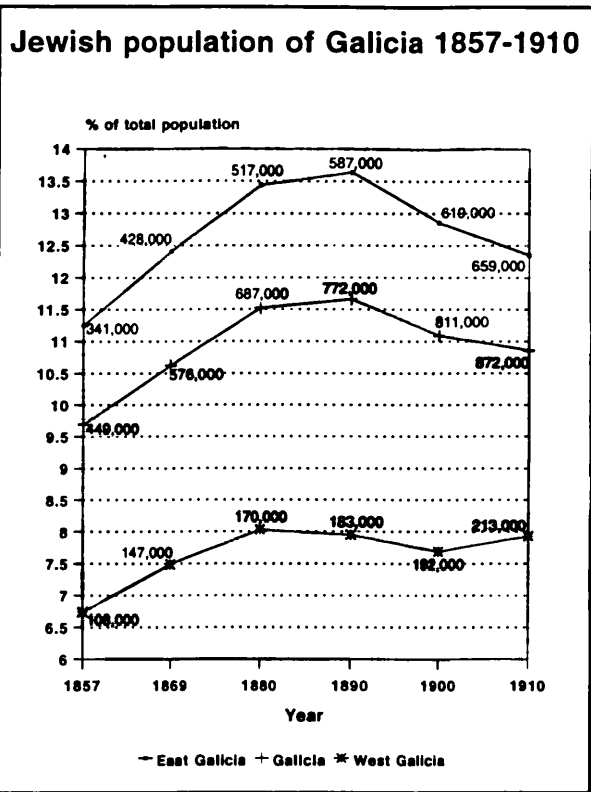
situation occurred with the territorial catchment area of three Galician Chambers of Commerce (*Izby Handlowe, Handelskammerbezirken*); the chambers of Brody and Lviv matched the area of the eastern province while the Cracow Chamber of Commerce encompassed the area of the western part. The different national compositions of East and West Galicia offers us an opportunity to test our assumptions⁹⁰. Bearing in mind the differences in the occupational structure of the Polish and Ukrainian population (graphs 4-5) one would expect corresponding differences in the nature of Jewish economics in the two parts of Galicia. This, in turn, is likely to affect other characteristics related to a deeper grounding of Jewish economic structures in the rural economy. Thus, we shall be able make comparisons not only between Galician Jewry and other Jewish groups but also within the Jewish community in Galicia itself.

⁹⁰ In her review of Buszko's book (*Dzieje ruchu robotniczego w Galicji Zachodniej 1848-1918*, Warszawa 1986), Walentyna Najdus questioned the thesis of a separate ethnic, economic and cultural character of East and West Galicia. Indeed, it is true that about 30 per cent of the Polish population lived in East Galicia (in 1910, this represented 25 per cent of the total population of the province) and that East Galician cities were inhabited mostly by Poles and Jews. Yet it is also true that the population of West Galicia was almost uniquely Polish (the only exception were Jasło and Sanok counties) and as such may be contrasted with East Galicia where Ukrainians made up two thirds of the general population. Walentyna Najdus, 'Terytorium i chronologia', in *Kwartalnik Historyczny*, vol. 95/1 (1988), pp. 142-144.

2. Natural Growth and Migration: Causes and Indicators

In the second chapter, I shall be mainly concerned with discussing the distinctiveness of the demographic changes in the Jewish population. The critical factors guiding our analysis will be the size and growth of Jewish and non-Jewish populations and the principal characteristics of migratory movements. According to the logic of the study, the exposition of demographic indices will be followed by an attempt at binding them to inherent changes in the Jewish economics. In particular, in the last part of the chapter we will focus on the issue of Jewish migration and we will attempt to demonstrate its usefulness as an indicator of economic opportunities available to the Jews within the Galician economy.

The cohesion of ethnic groups is closely associated with their relative size in the resident society. Large ethnic groups are more likely to contain class, religious and occupational divisions while the smaller the community and the greater its geographic dispersion the faster assimilation and adjustment to the occupational distribution of resident society. Galician Jewry formed one of the greatest Jewish communities in Europe, comparable only with some regions in the Pale of Settlement in Russia and exceeding by far the dispersed Jewish settlements in most areas of Europe. Consequently, one of the key elements conditioning the Jewish economics in Galicia was the dramatic increase in the population pressure on existing economic resources, the phenomenon that in the second half of the nineteenth century faced the whole of East European Jewry.



Graph 1.

Table 1.

Ratio of the increase of Jewish population to the increase of non-Jewish population. Galicia 1857-1910.

Year	Galicia	East Galicia	West Galicia
1857/69	1.099	1.111	1.106
1869/80	1.095	1.097	1.078
1880/90	1.014	1.017	0.990
1890/1900	0.945	0.934	0.964
1900/10	0.976	0.954	1.034

Source: Calculated on the basis of statistics drawn from: 1857 - *Statistische Übersichten über die Bevölkerung und den Viehstand von Österreich. Nach der Zählung vom 1. Oktober 1857*, Wien 1859; 1869 - *Bevölkerung und Viehstand der im Reichsrathe vertretenen Königreichen und Ländern*.

Nach der Zählung vom 31. Dez. 1869, Heft 1, Wien 1871; 1880 - 'Die Ergebnisse der Volkszählung vom 31. Dez. 1880 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol. 2 (1882); 1890 - 'Die Ergebnisse der Volkszählung vom 31. Dez. 1890 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol. 1900 - Jakub Thon, 'Die Juden in Oesterreich', in *Veröffentlichungen des Bureau für Statistik der Juden*, No. 4, Berlin 1908; 1910 - 'Die Ergebnisse der Volkszählung vom 31. Dez. 1910 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol.

Graph 1 and Table 1 give us an overview of the distinct pattern of growth of the Jewish and non-Jewish population in Galicia. Until 1890, Jews recorded a continuous and significantly higher rate of increase than the non-Jewish population. Particularly striking is the change in the share of Jews in the total population between 1857 and 1880 when their relative number rose from 9.69 to 11.52 per cent. This disparity in rate of increase is demonstrated more precisely in Table 1, in which a comparison of the rate of increase of Jews and non-Jews is presented. The table shows also that the phenomenon of higher Jewish rate of increase lasted about one decade longer in East than in West Galicia. At the same time, the ensuing slowing down of natural increase with respect to non-Jews was deeper in East Galicia and until 1910, did not reveal signs of recovery, as was the case among the Jews of West Galicia.

It is likely, however, that in reality the number of Jews grew at a less dramatic rate. Some historians have suggested that a part of the overall difference between 1857 and 1880 may be explained by the fact that Jews were hiding from registration in censuses of 1857 and 1869, fearing that it would serve the purposes of taxation and military drafts¹. On the basis of available statistical material it

¹ Until 1848, Jewish communes paid some taxes derived from the number of their population; therefore they tried to conceal the real figures. Moreover, until 1851, the censuses were carried out by military authorities in order to register conscripts and here too the Jews had a vested interest in hiding from statistical registration. Buzek estimates that the real Jewish population in Galicia in the 1840s was about 100,000 higher than shown in the censuses. Although both regulations ceased to exist in the 1850s, the recent memory of them could still make some Jews avoid the disclosure of their presence to officials. Józef Buzek, 'Rozsiedlenie ludności Galicji według wyznania i języka', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 21/2 (1905), p. 198. See also Gustaw Adolf Schimmer, 'Die Juden in Oesterreich nach der Zählung vom 31. December 1880', in *Statistische Monatsschrift*, vol. 7 (1880), p. 490; Bogdan Wasiutyński, *Ludność żydowska w Polsce w XIX i XX w.*, Warszawa 1931, p. 90.

A similar process, that is the increase in the share of Jews in the total population, occurred

is impossible to verify this statement and to estimate the influence of the presumed distortion. It seems, however, that such a wide disparity in the increase rate (9.44 per cent for non-Jews and 19.22 per cent for Jews between 1869 and 1880) cannot be explained either by natural factors² or by the Jewish immigration to Galicia³.

Something more may be said concerning the second objection to the accuracy of the data regarding the numbers of Jews. Jakub Thon maintained that even after the introduction of the obligatory census registration in 1880 the births of Jewish girls in Galicia and Bukovina were not fully recorded⁴. The occurrence

some decades earlier in the Kingdom of Poland. In 1820, Jews accounted for 8.5 per cent of total population; in 1865, the number was 13.5 per cent. The reasons were analogous to those we mentioned while commenting upon the dramatic growth of the Jewish population in Galicia; in relative terms a higher rate of natural increase and non-declaration of births out of fear of registration for military and fiscal purposes. Artur Eisenbach, *Z dziejów ludności żydowskiej w Królestwie Polskim*, Warszawa 1983, p. 264-267. According to Mahler's calculations, in the census on the Jewish population carried out in Poland in 1764, the rate of unregistered Jews, mostly children whose existence was the easiest to hide, accounted for about 20 per cent of the total Jewish population. Rafał Mahler, 'Żydzi w dawnej Polsce w świetle liczb', in *Przeszłość Demograficzna Polski*, vol. 1 (1967), p. 150.

² Some Jewish statisticians maintained that the different rate of natural increase amongst the Jewish and non-Jewish population stems from an inherently different biological performance of Jews. Abraham Korkis, 'Zur Bewegung der jüdischen Bevölkerung in Galizien', in Alfred Nossig (ed), *Jüdische Statistik*, Berlin 1903, p. 311; Alfred Nossig, *Die Sozialhygiene der Juden und des altorientalischen Volkerkreises*, Stuttgart 1894, p. 21 and 38.

³ Franciszek Bujak, the most renowned Galician historian, asserted that the growth rate of the Jewish population was indeed that high; natural increase was augmented by the substantial Jewish immigration into the country. Franciszek Bujak, *Galicja*, Lwów 1908, vol. 1, p. 100. However, between 1857 and 1880, there is no statistical evidence of any sizable flows of Jewish immigrants into Galicia. On the contrary, the data collected by Hungarian statisticians show that between 1840 and 1869 Jews emigrated from Galicia to Hungary, in particular to the counties bordering with Galicia. Walter Pietsch, 'Die jüdische Einwanderung aus Galizien und das Judentum in Ungarn', in Gotthold Rhode (ed), *op. cit.*, p. 275.

Krzysztof Zamorski shares Bujak's opinion, but he views the dramatic increase in the number of population between 1857 and 1880 as a part of the overall phenomenon of demographic recuperation; high birth rates following the epidemics of cholera which plagued Galician population at the beginning of the 1850s. Krzysztof Zamorski, *Transformacja demograficzna w Galicji na tle przemian ludnościowych innych obszarów Europy Środkowej w drugiej połowie XIX i na początku XX wieku*, Kraków 1991, p. 24. This argument, however, does not explain the difference in the rate of increase between the Jewish and non-Jewish population. Moreover, most of the Jewish population lived in East Galicia which, according to Zamorski, recuperated to a lesser degree.

⁴ Jakub Thon, 'Die Juden in Oesterreich', in *Veröffentlichungen des Bureau für Statistik der Juden*, No. 4, Berlin 1908, p. 25. A similar observation, with respect to the registration of Jewish births in interwar Poland, has been made by Bornstein and Fogelson. J. Bornstein, *O statystyce*

of this phenomenon should be perceivable from variance in the proportion of boys to girls among newborn Jewish children; indeed, in the years 1895-1900 of 1,000 newborn girls there were on average 1,130 boys. This figure is far too high in comparison to other Austrian Jewish groups or to the non-Jewish population in Galicia, and cannot be explained in demographic terms⁵.

Notwithstanding the incomplete registration of the Jewish population, it seems that the general trend remains the same. The relatively faster (than among non-Jews) population growth was typical of all Jewish ethnic groups settled in Eastern Europe - between 1800 and 1914, the total number of Jews living there went up sevenfold, twice as much as the number of non-Jews⁶. It may be said that the rate of increase in the Jewish population matched the hey-day and the downfall of the feudal economy. Thus, in eighteenth century Poland demographic expansion of the Jewish population followed the development of the grain trade⁷.

demograficznej ludności żydowskiej w Polsce, N. D.; Samuel Fogelson, 'Przyrost naturalny ludności żydowskiej w Polsce', in *Sprawy Narodowościowe*, vol. 4/5 (1931), p. 408.

⁵ Calculated on the basis of Max Rosenfeld, *Polen und Juden*, Berlin/Wien 1918, p. 24. For Roman Catholics in Galicia, the corresponding number was 1,062, for the Bohemian Jewry - 1,054. The only exception was Bukovina where the difference was even greater (1,222 Jewish boys per 1,000 girls); since Bukovina's Jewry was more remote from centres of administrative power and it comprised traditional Jewish communities, it is reasonable to assume that the origin of this disparity was the same as in the case of Galicia. It is characteristic that in Cracow, where the local statistical bureau was established, there was no statistically significant difference between the sex proportion among newborn Jews and non-Jews. The reason for a more accurate recording of boys' births is that the circumcision ceremony required the rabbi's consent which had to be preceded by a formal registration of the birth. Besides, for religious reasons, traditional Jewish families were more prone to register the birth of boys than girls. *Ibidem*, p. 25.

⁶ Arthur Ruppin, *op. cit.*, vol. 2, p. 59. It was in this period that the difference between Jews of East and West was particularly noticeable - the natural increase of East European Jews being three or four times higher than that of Jewish residents in Western and Central Europe and two times higher than among the resident non-Jewish population. Samuel Ettinger, 'The Internal Struggle in East European Jewry', in H. H. Ben-Sasson (ed), *The History of the Jewish People*, London 1976, p. 861 and 790. "During the century and a half before the World War I, the Jews of Eastern Europe reached their highest peak of natural growth". Bernard D. Weinryb, 'East European Jewry Since Polish Partitions', in Louis Finkelstein (ed), *The Jews: Their History, Culture and Religion*, vol. 2, Philadelphia 1949, p. 345. See also, Abraham Leon, *The Jewish Question. A Marxist Interpretation*, New York 1970, pp. 217-218.

⁷ Jacob Lestschinsky, 'Die Umsiedlung und Umschichtung des Juedischen Volkes', in *Weltwirtschaftliches Archiv*, vol. 29/30 (1929), p. 566; Jakub Goldberg, 'Agriculture', in Nachum Gross (ed), *op. cit.*, p. 112.

In the second half of the nineteenth century the trend was reversed - Jewish emigration to the United States and to Western Europe denoted the final decline of the feudal economies of Eastern Europe. The link between the feudal setting and Jewish natural growth finds confirmation in the fact that a high rate of increase in the Jewish population lasted for approximately one decade longer in East than in West Galicia. The lack of overlap in time appears a consequence of the more prolonged domination of large feudal estates in East Galician agriculture, and of a less diversified structure of the Ukrainian population, leaving more space for Jewish economic activities.

As regards an explanation of the higher rate of the natural increase among Jewish populations, historians have advanced such reasons as lower mortality (in particular infant mortality), greater fertility, earlier age of marriage and earlier age at the moment of birth among Jewish women⁸. Sułowski in his study of the Jewish population of Lublin voivodship demonstrated the extent of the influence of the two latter factors. Between 65 and 81 per cent of Jewish women at the moment of marriage were below 20 years old; for non-Jewish women (Roman Catholics) the number varied between 30 per cent (urban population) and 46 per cent (peasant population). Less pronounced but still significant was the disparity in the age of women at the moment of birth. Approximately, 8 per cent more Jewish than non-Jewish women gave birth to the child at an age of under 25⁹.

⁸ Others, more secondary reasons were the greater stability of family, the smaller number of illegitimate children, the infrequency of venereal diseases, the higher status of the woman within the family, the care lavished on babies and small children, abstinence from alcohol and tradition of charitable deeds. Samuel Ettinger, 'Demographic Changes and Economic Activity in the Nineteenth Century, in H. H. Ben-Sasson (ed), *op. cit.*, p. 790.

⁹ Zygmunt Sułowski, 'Mechanizmy ekspansji demograficznej Żydów w miastach polskich XVI-XIX wieku', in *Zeszyty Naukowe KUL*, vol. 17/3 (1974), p. 114. The proclivity towards early marriages, underpinned by religious motivation and oriental origin of these Jews, was particularly widespread among traditional Jewish communities of Eastern Europe. In the years 1867-1870 in Russia, the proportion of marriages contracted by women of an age under 21 was between 30 per cent (small towns) and 50 per cent (large cities) lower among Christians than among Jews. At the end of the nineteenth century this discrepancy gradually ceased to exist; in the 1920s, Jews residing in Polish cities (Warsaw, Łódź) contracted marriages later than non-Jews and, surprisingly, later than Jews dwelling in the cities of Western Europe. Other than urbanisation and its influence on the observance of traditional customs, another factor (particularly perceivable in Russia) was the calling up of Jews for military service, which postponed marriage contracting among Jewish men. Bernard Weinryb, *op. cit.*, pp. 419-420; Ralph Melville,

The data collected by Sułowski concerns the Jewish population of a character similar to Galician Jewry, settled in a similar geographic region and in a similar period (1847/48). In the absence of reliable statistics for Galicia, we may assume that lower age at the moment of marriage and of birth of the child among Jewish women could have also contributed to the higher rates of the natural increase among the Galician Jews¹⁰. The only available data on the Jewish natural movement before 1895 show that in 1882 the birth rate of the Jews in Galicia was very high - 46.2 per thousand, 1.7 per thousand higher than among Roman Catholics. Yet, the chief factor was the lower death rate; 29.4 per thousand as compared to 33.2 per thousand for Roman Catholics and 42 per thousand for Greek Catholics. Surprisingly, lower mortality among the Jews is not related to a lower infant mortality but rather to a greater life expectancy. With respect to children under 5 years old, the Jewish death rate was 5.6 per thousand higher than that of Roman Catholics and only 1.8 per thousand lower than the death rate among Greek Catholics¹¹. The figures published in Schimmer's study conducted in 1873 confirms these findings¹². The infant mortality higher than among non-

'Bevölkerungsentwicklung und demographischer Strukturwandel bis zum Ersten Weltkrieg', in Manfred Hellman, Klaus Zernack and Gottfried Schramm (eds), *Handbuch der Geschichte RuBlands*, vol. 3, issue 14/15, Stuttgart 1987, p. 1027.

¹⁰ The greater fertility of Eastern Jews constituted one of the elements of the Ostjudenfrage. Fragmentary data for Berlin in 1910, for example, show that a Jewish woman from the East had an average of 2.93 children under the age of fifteen, as compared to 1.23 such children from a German-born Jewish woman. Jack Wertheimer, *Unwelcome Strangers*, New York 1987, p. 85. Most studies treat the distinct fertility of minority groups as temporary phenomenon and assume that as assimilation proceeds, the fertility of minority and majority will converge. Some empirical evidence, however, has revealed independent effects of minority group status on fertility. One of the groups in which these effects were the most apparent were Jews in America. Calvin Goldscheider and Peter Uhlenberg, 'Minority group status and fertility', in *American Journal of Sociology*, vol. 74 (1968/69), pp. 361-372. For a critique on their findings, see Robert Roberts and Eun Sul Lee, 'Minority Group Status and Fertility Revisited', *Ibidem.*, vol. 80 (1974/75), pp. 503-523. In 1902 Bujak observed that the age of Jews contracting marriages in Limanowa varied between 16 and 20 years, well below the age of peasants nuptials. Franciszek Bujak, *Limanowa, miasteczko powiatowe w Zach. Galicji. Stan społeczny i gospodarczy*, Kraków 1902, p. 140.

¹¹ Wictor Kitz, 'Bewegung der Bevölkerung in Galizien im Jahre 1882 mit Rücksicht auf die Confessionen', in *Statistische Monatsschrift*, vol. 9 (1882), p. 547.

¹² The lower infant mortality factor is perceivable only among the more modernized Jewish communities of Bohemia, Moravia and Silesia. In both Bukovina and Galicia, the death rate in the age group under 1 year was *higher* among Jews than among non-Jews. Lower Jewish mortality is visible only in higher age groups. Adolf Schimmer, *Statistik des Judenthums in den im*

Jews strikingly diverges from the pattern observed elsewhere; according to Ettinger it was precisely lower infant mortality which accounted for faster demographic growth of Jewish populations¹³. In the absence of data series more extended in time it is difficult to construct a convincing interpretation of this phenomenon. Did the improvement in health care - mainly vaccination against small pox which drastically limited mortality rate in Galicia at the beginning of the 1880s¹⁴ - involved the Jews later than peasantry? The extreme traditionality of the Galician Jewry might make them oppose the adoption of new improvements in sanitary standards. Another reason could be poverty and ensuing low material standards among some segments of the Jewish community, which could influence demographic indices including the whole group. In particular, this might be true in respect to *Luftmensche*, a large group consisting of Jews without permanent occupation, undertaking occasional jobs at the account of their better-off compatriots. Finally, low sanitary conditions prevailing in Galician cities until the end of the nineteenth century might be of importance due to greater urbanization among the Jews than non-Jews. In sum, until more research is done in this direction, we cannot judge on the weight which should be attributed to any of these tentative explanations.

The confessional statistics published by the Austrian statistical office after 1895 do not display the impact of the greater fertility factor on the natural movement of the Jewish population. Table 2 shows that the difference in the rate of natural increase among Jews and non-Jews can be attributed chiefly to the distinct mortality rate¹⁵. Although no data on infant mortality is available the

Reichsräte vertretenen Königreichen und Ländern, Wien 1873, p. 8.

¹³ Samuel Ettinger, *op. cit.*, p. 790.

¹⁴ Stella Hryniuk, 'Health Care in Rural Eastern Galicia in the Late-Nineteenth Century: The Role of Woman', in John Komlos (ed.), *Economic Development in the Habsburg Monarchy and in the Successor States*. New York 1990.

¹⁵ Among determinants of a low death rate among Jews one can study factors like the low incidence of alcoholism, observance of religious hygiene, the intensity of child care, the degree of urbanisation, a general over-medicalisation of Jewry due to the over-representation of Jews in the medical corps and the like. Victor Karady, 'Demography and Social Mobility: Historical Problem

disparity between the Jewish and non-Jewish death rate of Jews is of such a magnitude, that it seems to exclude the factor of the higher Jewish infant mortality observed in 1873 and 1882.

Table 2.

Birth Rate, Death Rate and Natural Increase Rate by Denomination in Galicia 1895-1910 (per thousand).

	Birth rate		Death rate		Nat. increase rate	
	1895-1900	1901-1910	1895-1900	1901-1910	1895-1900	1901-1910
Ukrainians	43.7	45.4	32.7	29.9	14.6	15.5
Poles	42.4	42.0	26.8	24.4	15.6	15.6
Jews	40.4	35.8	20.8	18.1	19.6	17.7

Source: Józef Buzek, *Pogląd na wzrost ludności ziem polskich*, Lwów 1910, p. 5.

From Table 2 it can be seen that even between 1890 and 1910, when the relative number of Jews in Galicia was decreasing, the natural increase in the

Areas in the Study of Contemporary Jewry in Central Europe', in Yehuda Don and Victor Karady, *A Social and Economic History of Central European Jewry*, New Brunswick 1990, pp. 114-115; Samuel Ettinger, *op. cit.*, p. 790; Bernard Weinryb, *Neuste Wirtschaftsgeschichte der Juden in Polen und Rußland*, New York 1972, pp. 427-428. Devoted care of the sick among Jews produced a relatively faster drop in both infant and adult mortality. In Pest in Hungary, in 1871, the number of children up to the age of 14 years constituted 33 per cent of the Jewish population while only 10 per cent of the non-Jewish population. Samuel Ettinger, *op. cit.*, p. 790. Low infant mortality was largely the result of a low death rate among babies in the first year of life. In European Russia, for example, the death rate of children under the age of one year was 40 per cent among the general population and less than 25 per cent among the Jewish population. *Ibidem*, p. 859. In the Principality of Hessen in 1914 per 100 deceased, only 14 Jews under fifteen years old were lost; for Christians the corresponding figure was 36. Knöpfel, 'Die Statistik der Juden und die Statistischen Ämter', in *Judische Statistik*, Berlin 1918, p. 17. The difference was less apparent in Eastern Europe; in the Kingdom of Poland in 1897, Jews of an age below 20 years accounted for 54.4 per cent of the general Jewish population, whereas for non-Jews the figure was 50.6 per cent. Bernard Weinryb, *op. cit.*, p. 432. Another factor distinguishing Jews from other nationalities up to the twentieth century was their low turnout in the armed forces.

Jewish population was still higher than among Poles and Ukrainians. Nevertheless, the difference was shrinking and one can discern the beginning of a tendency to decline, which from the 1920s and 1930s generated a relatively lower natural increase rate as among most of the Jewish minorities of East-Central Europe¹⁶.

A comparison of demographic figures with the Jewish groups in Bohemia and Moravia shows how far Galician Jewry was lagging behind more modernized Jewish communities. Whereas between 1895 and 1910 the birth rate of Jews in Galicia decreased from 41.6 to 31.8 per thousand, in Bohemia and Moravia the figures were, correspondingly, 27 and 13 per thousand¹⁷. Even the Jewish minority in Russia reveals substantially lower indices of natural movement; between 1897 and 1908 the natural increase in the number of Jews living in the Polish part of Russia was 14.8 per thousand persons, about one third less than in approximately the same period in Galicia. The difference stemmed from the substantially lower fertility of Russian Jews which accounted for 30.0 births per 1000 population against 35.8 for the Galician Jews. The mortality figures, as one

¹⁶ Uriel O. Schmelz, 'Review of the Papers Presented: Demographic Findings', in *Papers in Jewish Demography*, Jerusalem 1969, p. 9. The fertility decline was especially drastic in Bohemia and Moravia, where from the beginning of the 1920s the current balance of births and deaths was consistently negative. J. Herman, 'The Development of Bohemian and Moravian Jewry 1918-1939', *Ibidem*, pp. 191-207. In Poland the natural increase in Jewish population from 1921 was consistently lower than among other nationalities. Until 1935, the gap was widening due to the lesser fertility of the Jews. Samuel Fogelson, *op. cit.*, pp. 405-419. Only between 1928 and 1935 did the disparity between Jewish and non-Jewish birth rates in Poland increase from 6.1 to 7.8 per cent. Uriah Zvi Engelman, 'Sources of Jewish Statistics', in Louis Finkelstein (ed), *The Jews. Their History, Culture and Religion*, New York 1960, vol. 3, p. 1527. For similar reasons, the percentage of Jews in Hungary between 1920 and 1930 decreased from 5.9 to 5.1 per cent. Ezra Mendelsohn, *op. cit.*, p. 142. In the years 1896-1900, Jewish births rates in Hungary were 4.6 per cent below non-Jewish birth rates; in 1929, the difference was already 13.8 per cent. Uriah Zvi Engelman, *op. cit.*, p. 1527. For Romania, in approximately the same period, corresponding figures are 6.9 per cent (1901-1905) and 20 per cent (1930). *Ibidem*. See also, Bela Vago, *Jews and Anti-Semitism in Interwar Rumania: Prologue to Holocaust*, (in print), p. 39-45. Analogous demographic changes in the Jewish population occurred in Lithuania. L. Hersh, 'Cu der demografie fun der jidiszer bafelkerung in kovner lite erev der cwajten welt-milchome', *Jivo bleter*, vol. 34 (1950), p. 276. In Germany, between 1880 and 1925 the rate of natural growth of the Jewish population was only about half that of the total population. Erich Rosenthal, 'Trends of the Jewish Population in Germany, 1910-1939', in *Jewish Social Studies* vol. 6 (1944), pp. 235-236.

¹⁷ Peter Galasso, 'Der Geburtenruckgang in Osterreich', in *Statistische Monatsschrift*, vol. 19 (1913), Neue Folge.

may easily calculate, were also more favourable for Russian Jews - 15.2 as against 18.1 per thousand in Galicia¹⁸. The general explanation is that the high rate of natural increase was produced a wealth of factors associated with the less advanced urbanization of the Galician Jews.

Yet more demographic evidence for the traditional character of the Jewish community in Galicia may be derived from the data on mixed marriages between Jews and other Galician nationalities¹⁹. Between 1885 and 1903, there were only 16 marriages between Jews and non-Jews in Galicia. This is less than 0.8 per cent of the total number of mixed Jewish marriages in the Austrian half of the Monarchy, while Galician Jews accounted for about 66 per cent of total Austrian Jewry²⁰. Moreover, in the first decade of the twentieth century, the number of mixed marriages between Jews and non-Jews in Galicia does not show any perceivable increase²¹. As we are going to see, it was specifically between the

¹⁸ Salomon Margolin, 'Die neusten Angaben über den Stand der jüdischen Bevölkerung in Russisch-Polen', in *Zeitschrift für Demographie und Statistik der Juden*, vol. 6/7 (1910), p. 89. Schimmer in 1873 found out that the mortality widely varied among Jewish groups in the Austrian provinces. From 30.9 per 1,000 population in economically developed Bohemia the mortality number grew eastward reaching 39.5 in Galicia and 41.9 in Bukovina. Adolf Schimmer. *op. cit.*, p. 8.

¹⁹ Among European Jewish communities one can observe a strong relation between the level of economic development of the country and the number of mixed marriages between Jews and non-Jews. Higher level of economic development implies more frequent mixed marriages; the more backward a region is, the more easily are the Jews able to consolidate their secular position. Abram Leon, *op. cit.*, pp. 222-223 and 228. The origin of this phenomenon lies in the greater concentration of Jews in large urban centres in developed economies; this in turn conditions a high rate of acculturation. The relation, however, was by no means simple and unilateral; cultural luggage of Jewish migrants, more or less compact settlement in the city, national and confessional composition of the host city's population - they all were of importance. The rate of mixed marriages in Trieste, for example, (17.9 per 100 population in the years 1901-1903) was higher than in Berlin (15.06 in the years 1901-1904) although Berlin was by far larger urban centre than Trieste. It might be that the multiethnic composition of Trieste's population was more encouraging for assimilation than predominantly German population of Berlin. The data is drawn from Arthur Ruppin, *op. cit.*, vol. 1, pp. 319-320.

²⁰ Calculated from Max Rosenfeld, *op. cit.*, Table 8., p. 22.

²¹ For the entire Austrian part of Austria-Hungary, the average number of mixed marriages between Jews and non-Jews increased from 51 in the years 1881-1885 to 140 in the years 1900-1903. The rate of mixed marriages for Galician Jews between 1895 and 1909 did not undergo any significant changes; during this period their share in total number of mixed marriages in Galicia oscillated around 0.4 per cent. The share of the Evangelicals, who accounted for less than 0.5 per cent of the total population of Galicia, was more than two times higher than that of the Jews.

years 1900 and 1910 that the Jews recorded the fastest rate of urbanization; therefore, it seems that this process, which is usually associated with modernization and assimilation, did not exercise any visible effects upon Galician Jewry²².

It would be not wrong to assume that the rapid growth of the Jewish population might have exercised detrimental effects on the Jewish economics. The increase in the ratio of the middleman minority to the majority group can distort the proportion between intermediaries and producers and thus limit the volume of resources available to its members²³. As put by Kahan, the income of the Jewish groups depended on 'terms of trade' between manufactured and marketed goods and raw materials consumed by the community. Particularly important was the situation in the agrarian sector which provided the bulk of consumers and the products and services produced and marketed by Jews²⁴. The coincidence of growing population pressure and economic transition particularly exposes the middleman minority to such a threat because this is the period in which dramatic changes in the allocation of resources are made²⁵. There are two solutions to this dilemma; emigration or else a shift to fresh economic activities emergent under a

Ibidem; Krzysztof Zamorski, *op. cit.*, Table 19., p. 78.

²² The only change was the better registration of Jewish marriages. In the years 1881-1885, official statistics recorded 1.79 marriages per 100 Jews in Galicia. Since this number was four times smaller than in Bohemia, it is obvious that the majority of Jewish marriages in Galicia were not declared and celebrated only in a traditional way. In the years 1900-1903, the index of marriages assumed the value of 8.51, which was not different from the rate of Jewish marriages in the other Austrian provinces. Max Rosenfeld, *op. cit.*, p. 23.

²³ In 1903, Fleischer wrote that in some districts one Jewish merchant or broker fell on eight or ten families. In a village of 80 peasants, there were generally six or seven tradesmen and shopkeepers. Siegfried Fleischer, 'Enquete über die Lage der jüdischen Bevölkerung Galiziens', in *Jüdische Statistik*, Berlin 1903, p. 218.

²⁴ Arcadius Kahan, 'Early Modern Period', in Nachum Gross, *Economic History of Jews*, New York 1975, p. 70.

²⁵ The links to the economic side of the conflict are particularly apparent. As noted by Landis and Boucher: "The frequency with which interethnic conflict involves a difference in allocation of resources between the groups in conflict, makes it tempting to suggest that interethnic contact becomes interethnic conflict when such an imbalance occurs", Dan Landis and Jerry Boucher, 'Themes and Models of Conflict', in D. Landis, J. Boucher and Clark, *Ethnic Conflict. International Perspectives*, London 1981, p. 21.

new economic order. It will be demonstrated that the Jewish population resorted to both of these opportunities, but in this section of the paper we will focus on Jewish migration. We shall note here only that the second solution assumes certain elements of economic growth producing new employment opportunities.

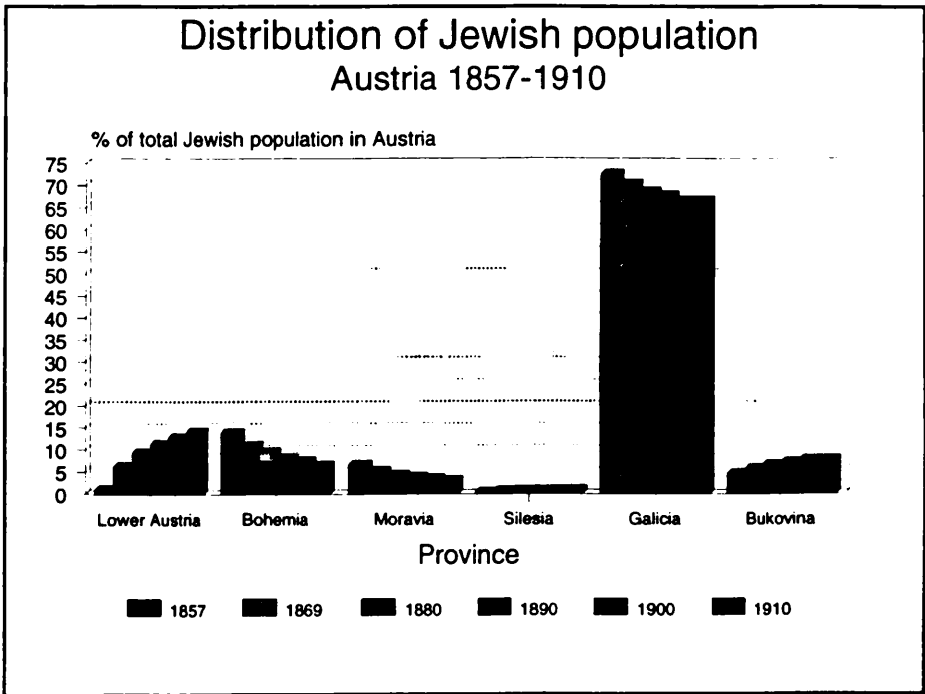
Another potential consequence of the growing proportion of Jews with respect to the general population is the enlargement of the sphere of contact between the former and the latter. This in turn multiplies the number of points of friction and shifts the conflict to a higher level²⁶.

The Jewish population of Galicia was characterized not only by different course of population change but it was also subject to the workings of distinctive migratory phenomenon. The relative decrease in the share of Galician Jews in the general population between 1890 and 1910 was a consequence of Jewish emigration out of the country. Massive flows of the Jewish population of Austria-Hungary constituted a part of wider migratory movements from Eastern to Western Europe - from densely populated areas of the Pale of Settlement to Poland and Germany, from the Grand Duchy of Posen to Germany, from the eastern provinces of the Austrian half of the Monarchy to Lower Austria and Bohemia, from Slovakia to central Hungary²⁷. On the territory of the Empire the

²⁶ Stanislaw Andreski, 'An Economic Interpretation of Antisemitism in Eastern Europe', in *Jewish Journal of Sociology*, vol. 5 (1963), p. 205. From this point of view, the response of the Tsarist government to the Jewish pogroms of 1882 was somehow fairly rational - a series of enactments popularly known as the 'May Laws' - seeking to reduce conflict between Jews and Gentiles precisely through the limiting of contact between the former and the latter (through restrictions on residential and economic rights of Jews). See John D. Klier, 'German Antisemitism and Russian Judeophobia in the 1880's: Brothers and Strangers', in *Jahrbücher für Geschichte Osteuropas*, vol. 37/4 (1989), pp. 524-540. The opposite argument is also conceivable; the reduction of interaction between majority and minority may facilitate stereotyping mechanisms. Dik van Arkel, who refers to this argument in his theory of anti-Semitism asserts that the stereotypes will not come into being as long as they are corrected sufficiently by social relations. Dik van Arkel, 'The Growth of the Anti-Jewish Stereotype', in *International Review of Social History*, vol. 30 (1985), p. 217.

²⁷ Samuel Ettinger, *op. cit.*, pp. 48-49; Wolfdieter Bihl, 'Die Juden', in Adam Wandruszka, Peter Urbanitsch and Alois Brusatti (eds), *Die Habsburgermonarchie 1848-1918*, vol. 3, part 2, Wien 1980, p. 887. This direction of Jewish migration signified the reversal of the eastward movement of Jews from Western to Central and Eastern Europe which took place continuously from the end of the fifteenth century until the second half of the nineteenth century. For the Ashkenazim Jews, the direction of migration was from Western Germany across Austria towards Bohemia and Hungary, with another branch leading towards Poland, Lithuania, Byelorussia and Ukraine.

timing and rates of Jewish migration differed according to the province.



Graph 2.

Source: Jakub Thon, 'Die Juden in Oesterreich', in *Veröffentlichungen des Bureau für Statistik der Juden*, No. 4, Berlin 1908; 1910 - 'Die Ergebnisse der Volkszählung vom 31. Dez. 1910 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol.

The principal direction of Jewish migratory movements which is shown in Graph 2 is the increase in Jewish population of Lower Austria at the expense of communities residing in Bohemia, Moravia and Galicia. Until the 1880s, Bohemian and Moravian Jews formed the largest component (within the Austrian part of the Empire) of the Viennese Jewish community. The decrease in the Jewish population of Bohemia and Moravia was higher in both absolute and relative numbers than in Galicia, yet it seems that a substantial number of Jews

Arcadius Kahan, 'The Early Modern Period', in Nachum Gross (ed), *op.cit.*, New York 1975, pp. 59-60.

in Vienna arrived nevertheless from the latter province²⁸. However, in 1880, there were only 30,000 Galicians in Vienna and some of them were migrants of Polish origin²⁹. The relative decrease in the number of Galician Jews before 1880 was caused by the net in-migration to Austria. The largest group of Jews in Vienna came from western Slovakia in Hungary, whereas Galician Jews did not migrate in considerable numbers to Vienna until 1890³⁰.

Massive Jewish migration from Galicia began about twenty years later than in Bohemia and Moravia. The delay may be explained in two ways. On one hand, the geographical proximity of Vienna and the better developed transportation network might have created a stimulus for the earlier migration of the Bohemian and Moravian Jewry. The other possibility is that the origin of the time gap might have derived from intrinsic changes in the host societies. The chart shows subsequent waves of migration from Bohemia and Moravia, then Galicia and, in the last decade preceding the war, from Bukovina³¹. Such a sequence corresponds

²⁸ Rabinbach concluded on this basis that the Jewish migration from Galicia between 1857 and 1880 played a major part in forming the Jewish Viennese group. Rabinbach not only entirely overlooked Jewish migration from Hungary (which can not be seen in the table), but also from Bohemia and Moravia. The obvious fallacy of this assertion was rightly criticized by Eddie Scott and Marsha Rosenblit. Anton Rabinbach, 'The Migration of Galician Jews to Vienna', in *Austrian History Yearbook*, vol. 11 (1975); Eddie Scott, 'Galician Jews as Migrants: Alternative Hypothesis', *Ibidem*, pp. 59-63; Marsha Rosenblit, 'A Note on Galician Jewish Migration to Vienna', *Ibidem*, vol. 17/18 (1983/1984), pp. 142-152.

²⁹ Władysław Kucharski, 'Wielkość i rozmieszczenie polskiej grupy etnicznej w Austrii w 19 wieku', in *Rocznik Polonijny*, vol. 2 (1981). On the issue of the Galician Jewish community in Vienna, see Meir Henisch, 'Galician Jews in Vienna', in Joseph Fraenkel (ed), *The Jews of Austria*, London 1967, pp. 361-373.

³⁰ In 1869, only 13 per cent of the Viennese Jews were born in Galicia. Israel Jeiteles, *Die Kultusgemeinde der Israeliten in Wien mit Bewegung des statistischen Volkszahlungaparatus vom Jahre 1869*, Wien 1873, pp. 56-57, quoted by Marsha Rosenblit, *op. cit.*, p. 145. Galician Jews began to play the major part in the immigration to Vienna only at the beginning of the twentieth century. The sample investigated by Rosenblit shows that between 1900 and 1910 35 per cent of Viennese Jewish fathers were born in Galicia. *Ibidem*, p. 146. In 1910, there were in Lower Austria 47,137 persons born in Galicia, of whom 9,666 arrived between 1900 and 1910. Arie Tartakower, 'Jewish Migratory Movements in Austria in Recent Generations', in Joseph Fraenkel (ed), *op. cit.*, p. 288.

³¹ High rates of migration from Galicia after 1880 are not visible for two reasons: [i] the lower urbanization level of the Jewish population in Galicia and its more traditional character resulted in a higher rate of natural increase than in other provinces. [ii] the major flow of Galician Jews was directed overseas and did not evoke a corresponding increase in Jewish population living in

to the economic development of the provinces and with the pace of departure from traditional agrarian economies. It also corresponds to the distinction between a Western type Jewry in Bohemia and Moravia and an Eastern type Jewry in Galicia and Bukovina. The pull of industrial and commercial centres in Austria-Hungary was certainly stronger for more modern Jewish communities in the western part of the Empire than for Jews dwelling in its eastern peripheries. Particularly interesting is the continuous increase in the Jewish population settled in peripheral Bukovina, where the share of Jews employed in the agricultural sector was even higher than in Galicia. One might conclude that until the end of the nineteenth century, the growth of the Jewish ethnic group in Bukovina was still based on economic activities linked to the manorial economy and that, in this sense, it was the continuation of the aforementioned eighteenth century trend.

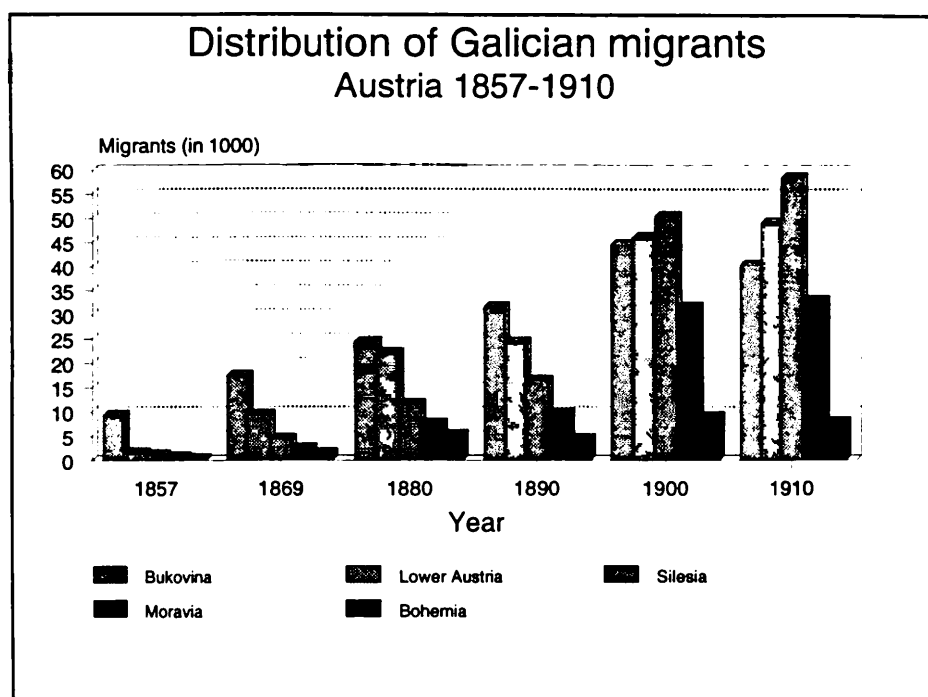
The influx of Galician Jews into Lower Austria was able to have been recorded in detail because most of them migrated to Vienna and there joined the local Jewish community. However, since the official statistics did not register the nationality of Galician migrants, it is more difficult to establish the geographical pattern of Jewish migration to other Austrian provinces. The data compiled for the general migration from Galicia show that at the beginning of the 1867-1914 period, Galicians migrated mostly to Lower Austria and Bukovina. Whereas migration to the highly developed economy of Lower Austria is a comprehensible phenomenon, it is rather unexpected to find a large number of Galician migrants in Bukovina, a backward province located on the east-southern periphery of the Monarchy. Pilch asserts that Galicians registered by population censuses in Bukovina came there as a natural consequence of population movement in border regions; most migrants arrived from the counties bordering with Bukovina³².

From the beginning of the 1870s, a growing number of Galicians migrated to Silesia and Moravia. At the end of the nineteenth century, Silesia received the greatest number of Galician in-migrants and overtook Lower Austria and

the other provinces of the Empire.

³² Andrzej Pilch, *Emigracja z ziem polskich w czasach nowożytnych i najnowszych*, Warszawa 1984, p. 289 and 292.

Bukovina in this respect. The last province that attracted a sizable flow of Galician migration was Bohemia; to the remaining Austrian provinces, Galicians migrated in insignificant numbers.



Graph 3.

Source: Andrzej Pilch, *Emigracja z ziem polskich w czasach nowożytnych i najnowszych*, Warszawa 1984, p. 254.

The distinct nature of Jewish migration encourages us to expect that the geographical settlement of Jewish migrants from Galicia somewhat differed from the overall pattern. The example of Galician Jews migrating to Vienna reveals that there were two phases to the emigration. From the beginning of the 1850s, more entrepreneurial individuals who managed to accumulate some assets in Galicia moved to new commercial and industrial urban centres in Bohemia, Silesia, Lower Austria and Hungary. Since, in this period, no significant non-Jewish migration occurred on a larger scale until the 1870s, Graph 3 shows most of the main directions of Jewish migratory movements.

The second wave of migration started somewhere in the 1880s, but now the numbers of migrants were pushed up by population pressure and economic conditions. The steady trickle of migration burgeoned into a massive movement when the pull came from the new country of destiny; United States. Of 281,150 Austrian-Jewish emigrants in the years 1881-1910, almost 85 per cent were Galician Jews³³. The fact that the emigration was now driven by a different mechanism was reflected in the proportion of Galician taxpayers in the Viennese Jewish community. Until 1890, the percentage of Galician Jews registered in the community tax roll approximately matched their share in the general Jewish population. From 1890, however, the rapid increase in the number of Galician Jews settled in Vienna was accompanied by a steep decline in the number of taxpayers. In the sample compiled by Rosenblit in 1900, 20.7 per cent of Jewish fathers were born in Galicia; in 1910 the number rose to 34.7 per cent. During the same period (1900-1914), Jews of Galician origin paid only 4.5 per cent of total tax sum collected by the Viennese Jewish community³⁴.

The onset of Polish and Ukrainian migration to industrial centres in Silesia and Moravia in the second half of the 1870s blurs the profile of Jewish migration as it is shown in Graph 3³⁵. The compilation of historical records combined with statistical data provides proof of a continuous migration of Jews to highly developed provinces of the Empire. Except Lower Austria the Jews moved to

³³ Arie Tartakower. *op. cit.*, p. 287; Andrzej Pilch, *op. cit.*, p. 265. The share of Galician Jews in Austrian migration grew gradually; between 1881 and 1890, Jewish emigrants from Galicia constituted 59.7 per cent of the total emigration from Austria-Hungary to the United States. Jacob Lestschinsky, 'Jewish Migrations, 1840-1946', in Louis Finkelstein, *op. cit.*, p. 1222.

³⁴ The first wave of Galician Jews achieved considerable economic status; in 1869 10.5 per cent of the Jewish migrants from Galicia paid 13.2 per cent of community tax. Marsha Rosenblit, *op. cit.*, p. 148.

³⁵ The majority of Galician migrants to Silesia and Moravia went to the Ostrava-Karvin industrial basin. In 1901, about 30 per cent of the mining labour force was constituted by Polish and Ukrainian workers from Galicia. Andrzej Pilch, *op. cit.*, pp. 289-290. For a detailed description of the settlement of Galician workers in the Ostrava basin, see Blanka Pitronova, 'Zmeny v biologické strukture obyvateľstva v uhelných priemyslových oblastiach v českých zemiach za kapitalizmu', in *Slezský Sborník*, vol. 82 (1984), pp. 23-32; Idem, 'Populační vývoj uhelných priemyslových oblastí v českých zemiach v období kapitalizmu', *Ibidem*, vol. 79 (1981), pp. 112-134; Idem, 'K vývoji struktury obyvateľ Ostravy za kapitalizmu', in *Sborník referátu 2. Severomoravského demografického kolokvia. Národný výbor mesta Ostravy*, Ostrava 1985, pp. 21-27.

Bohemia (Prague), and to the new industrial region of Silesia³⁶. The graph does not include data on non-Austrian provinces of the Empire but the literature shows also evidence for the sizable flow of Jewish migrants to agrarian regions of eastern Hungary and Transcarpathia³⁷. The common denominator of this movement is that the Galician Jews migrated to areas with a predominantly Ukrainian

³⁶ Abraham Korkis, *op. cit.*, p. 314. In Silesia, mostly due to the immigration of the Galician Jews, the Jewish population between 1857 and 1890 rose from 2,054 to 7,070. *Ibidem*.

³⁷ The increase rate of the Jewish population in Bukovina between 1880 and 1890 was 22.69 per cent, between 1890 and 1900 16.24 per cent. High rates of natural increase were augmented by significant immigration of Galician Jews, particularly in the 1880s. Abraham Korkis, *op. cit.*, p. 314. Due to tolerant Jewish-Ukrainian relations and constant immigration from the Ukraine and Galicia, the number of Jews in Transcarpathia (Carpatho-Ukraine, Zakarpatskaya Rus) was always the highest in Hungary. The first migratory wave from Galicia came at the turn of the eighteenth and nineteenth century, the second flow of Galician Jews arrived in Bukovina in the 1890s. Alexander Baran, *op. cit.*, p. 161 and 163.

Another goal of the Jewish migrants from Galicia were the Hungarian north-eastern counties bordering Galicia. It is not quite clear what was the scale of this migration; contemporary Hungarian politicians held that Jews from Galicia came to Hungary in such large numbers that the 'Jewish question' actually became 'Galician question'. Miklos Bartha, *Kazarföldön*, 3rd edition, Budapest 1939, p. 76, quoted by Walter Pietsch, 'Die judische Einwanderung aus Galizien und das Judentum in Ungarn', in Gotthold Rhode (ed), *op. cit.*, p. 274. Pietsch's study of the Jewish migrants from Galicia shows that between 1880 and 1900 there is no evidence substantiating this assertion. In none of the 6 counties bordering with Galicia, did the number of German speakers in 1890 (presumably Galician Jews) exceed 17 per cent. The numbers should be viewed with caution because, as the author admits, Galician Jews could give false answers to questions regarding native language. The second piece of evidence furnished by Pietsch is even more misleading because it is based on the sex proportion among the Jews settled in the investigated counties. Walter Pietsch, *op. cit.*, p. 283. It is well known that Jewish migration was of a family character and that sex proportions among Jewish migrants were almost equal. Women accounted for 45.2 per cent of the Galician Jews migrating to the United States. Andrzej Pilch, *op. cit.*, p. 269. Jewish women from Moravia, Bohemia and Galicia migrated to Vienna in proportions similar to Jewish men. Marsha Rosenblit, *op. cit.*, p. 147. On this issue, see also Samuel Joseph, *Jewish Immigration to the United States*, New York 1914; Arie Tartakower, *op. cit.*, p. 291. Arcadius Kahan, 'The Transition Period', in Nachum Gross, *op. cit.*, p. 85; Jacob Lestschinsky, 'Die wirtschaftliche Lage der Juden in Galizien', in *Der Jude*, vol. 2, p. 466; Leonard Dinnerstein, 'The East European Jewish Migration', in Leonard Dinnerstein and F. C. Jaher (eds), *Uncertain Americans. Readings in Ethnic History*, New York 1977 (new and revised edition), pp. 218-219. There is even a logical contradiction in the Pietsch's argument. The six counties he investigated were also the nest of the migratory movement of Hungarian Jews to central and western Hungary; thus out-migration would have resulted in a higher proportion of Jewish women among those who stayed. Walter Pietsch, *op. cit.*, p. 282; Jozsef Gellen, *op. cit.*, p. 91.

Notwithstanding the critique, the main contention appears valid. Galician counties bordering with Hungary belonged to the least populated in Galicia (by Jewish and non-Jewish population) and were separated by the high range of Carpathian mountains. It is unlikely that the scale of migration could have exceeded a few thousand Galician Jews. In Eastern Slovakia, (a larger region including the counties studied by Pietsch) there were 13,935 persons who came from Galicia according to the 1910 statistics; by 1910 the comparable figure was 20,353. Ladislav Tajtak, 'Slovak Emigration: Its Causes and Consequences', in Julianna Puskas (ed), *op. cit.*, p. 82.

population, or with large Ukrainian minorities³⁸. Keeping in mind what has been said about the consequences of the status gap in the occupational structure of the Ukrainian population, it seems that in the case of the two agrarian provinces, Galician Jews sought to continue their traditional economic pursuits in the countryside. In a recent study on Jewish-Ukrainian relationships in Transcarpathia, we may find some information regarding Galician migrants of Jewish origin which straightforwardly confirms this observation. Most of Galician Jews migrated to Transcarpathia in the 1890s, that is in the time when the organization of rural cooperatives already began to affect Jewish economics. Historical accounts cited in the study mention the hostility aroused in the local Ukrainian population by newcomers. On their arrival most of the in-migrants got involved in liquor trade and rural lending, the professions unknown insofar to Transcarpathian Jews³⁹. This particular occupational composition of Galician immigrants suggests that the Jews who came to Transcarpathia were driven out from the rural credit market by the development of peasant credit associations. It is very likely that similar economic considerations were underlying Jewish migration from Galicia to Bukovina. Thus, the eastward movement of the Jewish population would have constituted a tendency contrary to the migration to industrial regions of the Empire, which implied the modernization of the Galician

³⁸ This tendency is particularly clear in the Hungarian counties studied by Pietsch. From the table presenting his findings regarding the language composition of the counties' population it is seen that the number of German speakers is negatively correlated with the number of Hungarian speakers (the table does not give data on Ukrainian speakers, but, they are approximately represented by the leftover number up to 100 per cent). In Szabolcs, the county with the lowest share of German speakers (0.6 per cent) the percentage of Hungarians is 95.9 per cent; in Maramos, where Hungarian speakers constituted only 12.5 per cent, the proportion of German speakers was 17 per cent. Walter Pietsch, *op. cit.*, p. 283.

³⁹ The correct and tolerant co-existence between Jewish and Ukrainian communities in Transcarpathia had been endangered in the 1890s by the fresh Jewish migration from Galicia. "New settlers did not till the soil, they began to establish taverns, inns and village stores and to loan money to peasants at usurious rates. The rabbis and teachers who came from Galicia frowned on occupations connected with agriculture and pushed the Jews into trade". Alexander Baran, 'Jewish - Ukrainian Relations in Transcarpathia', in Peter Potichnyj and Howard Aster (eds), *Ukrainian - Jewish Relations in Historical Perspective*, Edmonton 1982, p. 164.

In Hungary the exponents of anti-Semitic movement insisted that their activity was not directed against 'good' Hungarian Jews but targeted 'bad' Galician Jews who came to the country "auf dem Rücken ein Bündel, in den Händen eine falsche Waage und in ihren Fässern vergifteten Fusel". Miklos Bartha, *op. cit.*, pp. 81-82, quoted by Walter Pietsch, *op. cit.*, p. 274.

Jews through the assumption of urban functions.

If we now look at the rate of Jewish emigration from Galicia to the United States shown separately for two provinces, we may discern the lack of overlap in time in its intensity between East and West Galicia.

Table 3.

Emigration of the Galician Jews to the United States, 1880-1910.

Year	East Galicia	West Galicia	Galicia
1881-1890	13089	23571	36660
1891-1900	88300	26700	115000
1901-1910	71719	14125	85844

Source: Max Rosenfeld, 'Die jüdische Bevölkerung in den Städten Galiziens 1881-1910', in *Zeitschrift für Demographie und Statistik der Juden*, vol. 9/2 (1913), pp. 20-21.

Jewish emigration from West Galicia began about one decade earlier than in East Galicia (in spite of the fact that the Jewish population of the latter was almost three times larger)⁴⁰. On the other hand between, 1900 and 1910 the scale of the emigratory movement from East Galicia was proportionally higher. The difference is apparent in Table 2 - in this period in the western province the relative number of Jews increased for the first time from 1880 (by 0.2 per cent). This conclusion suggests once again differences in the economic opportunities available to the Jews in their Polish and Ukrainian environment. More modernized Polish society exercised earlier economic pressure on the Jewish group in Western Galicia. The Jews settled in East Galicia experienced similar phenomenon later, but then it might have impeded Jewish economics to a higher

⁴⁰ In the 1880s, migration embraced almost all West Galician counties and only 50 per cent of East Galician counties. Andrzej Pilch, *op. cit.*, p.

degree. East Galician Jews made up greater percentage of general population than in western province which presupposes similar relationship between the number of intermediaries and producers. This might have multiplied the damage inflicted to Jewish economics by the intrusion of Ukrainian rural cooperatives. Similar impact came from the economic phenomena common to both provinces, like the development of transportation network and subsequent shaping of country wide market, which eliminated small scale intermediary services.

Two features of the Jewish emigration seem to be worth commenting upon. The first is its magnitude; the second comes from the fact that it preceded by some years migratory movements among Poles and Ukrainians. It is admitted that the large scale exodus from Galicia embraced not only Jews but also Poles and Ukrainians. Nevertheless, relative figures show that Jewish migration was larger by far than the emigration of the two other nationalities. In the years 1895 and 1900, out of ten thousand people, 144 Jews, 34 Poles and 26 Ukrainians emigrated. For the period between 1900 and 1910, the corresponding figures are 105 Jews, 47 Poles and 71 Ukrainians⁴¹. In seeking for an explanation of different timing of Jewish and non-Jewish migration, we shall turn to the interplay of inherent characteristics of the Jewish communities and environmental conditions facing Jewish socio-economic activity⁴². The greater inclination of Jews towards migration has been observed by numerous scholars dealing with the Jewish history; among its reasons they have enumerated the historical past of the Jewish nation, the 'stranger's' status and readiness to undertake entrepreneurial

⁴¹ Josef Tenenbaum, *op. cit.*, p. 22; Wladimir Kaplun-Kogan, *Die Wanderbewegung der Juden*, Bonn 1913.

⁴² The underlying assumption is that the socio-economic conditions of certain populations result in specific migratory movements only through the modifying influence of the inherent characteristics of migration as a social phenomenon. This approach is derived from Akin L. Mabogunje's interpretative system-model; the reformulation used in this work has been proposed by Josef Gellen, 'A System Approach to Emigration from Hungary before 1914', in Julianna Puskas (ed), *op. cit.* See also, Akin L. Mabogunje, 'Systems Approach to a Theory of Rural-Urban Migration', in Paul W. English and Robert C. Mayfield (eds), *Man, Space and Environment*, London, New York 1972.

risk⁴³. Lestschinsky has asserted that there has been no other people for which migration has played so decisive a role⁴⁴. At this level it is true, but on the other hand the Jewish proclivity towards migration was typical of many ethnic groups settled in East Central Europe; it is only the range of geographical re-settlement of the Jews that makes this phenomenon so unique⁴⁵.

On the other side of the equation we have the influence of the environment within which the social, political and economic life of the minority is conditioned. In the case of Jewish migration from East-Central Europe the crux of the matter is the weight attributed to economic and political factors⁴⁶. Russia is probably the most extreme example of the correlation between anti-Semitism expressed in both, political measures taken by the government and pogroms on the side of native population, and Jewish emigration out of the country. Since we are considering the relationship between Jews and non-Jews in Galicia in economic terms it is important to prove that Jewish emigration from Galicia had a chiefly economic background. To be sure, we are not denying the existence of anti-Semitic attitudes in the Galician society; however, we will argue that for the Jews deciding to leave the country, they were of secondary importance. In fact, such is the opinion shared

⁴³ Weinryb portrays the Jews as enterprising and ambitious, who were more 'Konjunkturunempfindlicher' and 'Risiksfreude' than non-Jews. Bernard Weinryb, *op. cit.*, pp. 436-438. The relatively greater mobility of both Jewish capital and labour was rather a consequence of the easy-to-liquidate character of the Jewish enterprise.

⁴⁴ Jacob Lestschinsky, 'Jewish Migrations, 1840-1946', in Louis Finkelstein (ed), *op. cit.*, vol. 3, p. 1203.

⁴⁵ In Hungary, the territorial diffusion of migration coincided with that of ethnic diffusion. The areas which were the nests of the most intensive emigration were, at the same time, settlement areas of ethnic minorities. The first to migrate were Germans, Slovaks and Hungarians from districts with Hungarian minority settlements. Jozsef Gellen, *op. cit.*, p. 99. A similar situation prevailed in Russia; the first wave of mass scale migration encompassed Jews, Poles and Lithuanians, but only to a very limited extent ethnic Russians. Ralph Melville, 'Permanent Emigration and Temporary Transnational Migration: Jewish, Polish and Russian Emigration from Tsarist Russia, 1861-1914', in Julianna Puskas (ed), *op. cit.*, p. 127. Thus it seems that some elements in the minority status may, to a certain degree, override purely economic motivations.

⁴⁶ "While it is tempting to assign the role of prime mover in Jewish migrations to purely economic causes, it would be erroneous to omit political elements such as anti-semitic legislation, violent anti-Semitism, pogroms and revolutions". Arcadius Kahan, 'The Transition Period', in Nachum Gross (ed), *op. cit.*, p. 84.

by the majority of scholars who have dealt with this issue⁴⁷. Political factors accounted for fluctuations in the timing and pace, not the origins or determinants, of the migration⁴⁸.

The underlying assumption is that middleman minorities are among those who benefit particularly from free market and competitive capitalism⁴⁹. As long as there are no additional restrictions on the economic activities of middleman minorities - like the limitation imposed on Jewish settlement and mobility in Russia - the attempts at transmission of political anti-Semitism into the economy can enjoy very limited success. As put by Lestschinsky: "in the open market the Jew was victorious, even when the surrounding Christian merchants, artisans or doctors called for a boycott of their Jewish colleagues"⁵⁰. This is not to say that a non-Jewish enterprise cannot compete effectively with a Jewish business unit under the banner of anti-Jewish slogans; as we are going to see, this was precisely what happened in the rural credit market in Galicia. But resort to non-economic forms of competition - such as boycott of the goods marketed by the Jews - is condemned to failure because in the open market 'the goods had no labels'⁵¹.

⁴⁷ See, Raphael Mahler, 'The Economic Background of Jewish Emigration from Galicia to the United States', in *YIVO Annual of Jewish Social Science*, vol. 7 (1952), p. 255; Gotffried Schramm in Gotthold Rhode (ed), *op. cit.*, p. 13; Abraham Korkis, *op. cit.*, pp. 312-313; Max Rosenfeld, 'Die judische Bevölkerung in den Städten Galiziens 1881-1910', in *Zeitschrift für Demographie und Statistik der Juden*, vol. 9/2 (1913), p. 19 and 22; Tadeusz Piłat, *Przyrost wewnętrzny ludności Galicji w latach 1874-1898*, Lwów 1900, p. 309.

⁴⁸ Calvin Goldscheider and Alan S. Zuckerman, *The Transformation of the Jews*, Chicago/London 1984, p. 231.

⁴⁹ Wherever there is monopoly, whether it is private or governmental, there is room for the application of arbitrary criteria in the selection of beneficiaries of the monopoly. Milton Friedman, 'Capitalism and the Jews', in W. Block, G. Brennan, K. Elzinga (eds), *Morality of the Market: Religious and Economic Perspectives*, Vancouver 1985, p. 404.

⁵⁰ Jacob Lestschinsky, *op. cit.*, p. 1215.

⁵¹ In relation to the economic boycott of the Jews proclaimed by Polish peasant parties during their congress in Cracow in 1893, Bujak commented that the only result was the establishment of 139 peasant shops in the countryside which continued to purchase goods from Jewish wholesale merchants. Franciszek Bujak, *Galicja*, Lwów 1908, vol. 1, p. 103. The boycott movement proclaimed by National Democracy in the Kingdom of Poland in 1912 had similar effects. Irena Kostrowicka, Jerzy Tomaszewski and Zbigniew Landau, *Historia gospodarcza Polski XIX i XX wieku*, p. 233.

After the Jewish emancipation in Galicia in 1868 there was no repression by the state that could have impeded the Jewish economics⁵². Since at the same time there were no violent forms of political anti-Semitism, it may be concluded that the primary considerations standing behind the decision to emigrate were of a purely economic nature. The contention about lack of pogroms needs substantiating, since it is a well known fact that in 1898 anti-Jewish riots broke out in four West Galician counties. Golczewski has used this evidence to assert that rural anti-Semitism in Galicia was not based on the economic and social reality, but that the conflict served as an instrument for political aims of the peasant parties' leaders⁵³. The principal objection against Golczewski's stance is that he focuses uniquely on the political side of the conflict and does not substantiate his contention with any evidence taken from the economy⁵⁴. He does

⁵² The only exceptions were two governmental monopolies encompassing liquor franchise and on salt sale. By the Austrian legislation of 1849, tabular landowners in Galicia retained their monopoly on production of sale and alcohol. In 1875 the Galician parliament decided to cancel the propination rights, but the effects were only felt from 1910. The liquor franchise privilege was redeemed by the government from the gentry and redistributed in 1911. As a result, about 10,000 of Jewish innkeepers were deprived of liquor franchise license. Stella Hryniuk, 'The Peasant and Alcohol in Eastern Galicia in the Late Nineteenth Century: a Note', in *Journal of Ukrainian Studies*, vol. 11/1 (1986), p. 75; Max Rosenfeld, *Die polnische Judenfrage. Problem und Lösung*, Berlin/Wien 1918, p. 30; Abraham Korkis, 'Die wirtschaftliche Lage der Juden in Galizien', in *Der Jude*, vol. 2 (1917/18), p. 536. In a similar way, some Jewish merchants were removed from the salt trade. Ignacy Schiper, *Dzieje handlu żydowskiego na ziemiach polskich*, Warszawa 1937, p. 451. The four years remaining to the outbreak of World War I were too short a period to investigate economic consequences of this legislation.

⁵³ Frank Golczewski, 'Rural Anti-Semitism in Galicia before World War I', in Andrej Markovits and Frank Sysyn (eds), *Nationbuilding, Politics, Nationalism. Essays on Austrian Galicia*, Harvard 1982, p. 100 and 104. See also Idem, *Polnisch - Jüdische Beziehungen 1881-1922. Eine Studie zur Geschichte des Antisemitismus in Osteuropa*, Wiesbaden 1981.

⁵⁴ Golczewski envisages the Galician economy as an idealistic picture of peasants continuing to till the soil and Jews supplying them with intermediary services. According to this view, the elimination of Jewish intermediaries by the creation of rural cooperatives, did not help the economy at all, unless it was combined with an improvement in rural productivity. Frank Golczewski, 'Rural Anti-Semitism in Galicia before World War I', in Andrej Markovits and Frank Sysyn (eds), *Nationbuilding, Politics, Nationalism. Essays on Austrian Galicia*, Harvard 1982, p. 100 and 104. See also Idem, *Polnisch - Jüdische Beziehungen 1881-1922. Eine Studie zur Geschichte des Antisemitismus in Osteuropa*, Wiesbaden 1981.

Ibidem, p. 99. Incidentally, this concept seems to be taken from a well known book published in 1888 by the Galician economist Szczepanowski, but the original idea was different and perhaps more realistic; Szczepanowski was trying to visualize the potential gains for the economy stemming from a combination of Jewish capital and peasants' labour. Stanisław Szczepanowski, *Nędza Galicji w cyfrach*, Lwów 1888.

not refer either to the results of the survey carried by the Jewish 'Galizische Hilfsvereins' in the aftermath of the events of 1898 where among the causes of the riots there was no mention about the influence of political propaganda⁵⁵. Although Golczewski refutes the idea that rural anti-Semitism in Galicia might have been grounded in the economic reality, in the same article he admits that "the rural co-operative movement (...) tried to built political capital by exploiting *divergent interests* of the Polish peasants and Jewish intermediaries"⁵⁶. In Chapter 3 it will be demonstrated that the competition between Jewish money lenders and rural cooperatives resulted in lowering the interest rate and in the greater supply of credit to peasants holdings.

But, leaving aside the causes, were the events of 1898 really a classic example of a Russian like pogrom? Given the circumstances, such an opinion appears groundless. The riots started in a market place, the initial impulse came from an argument between a Jewish hawker and a peasant women who found the price of butter too high⁵⁷. Such a scenery comforts very well with the pattern of disorders in market places, typical of agrarian sectors entering the phase of commercialization. Another typical element is the fact that the riots broke out in the spring period, when the food was in short supply and the population was particularly sensible to commercial operations concerning food prices. Moreover, it has been observed that the protests of this type are more frequent in areas with a commercial surplus of a particular foodstuff⁵⁸ - all the counties where the anti-Jewish uproar occurred were leading in cattle rising.

However disputable such an approach might be, the fact is that the riots did not produce any sharp curves upwards in the Jewish from Galicia, typical of the

⁵⁵ Siegfried Fleischer, 'Enquete über die Lage der jüdischen Bevölkerung Galiziens', in Alfred Nossig (ed.), *Jüdische Statistik*, Arbeiten der "Oesterreichisch-Israelitischen Union" und das "Galizische Hilfsvereins", Berlin 1903.

⁵⁶ Frank Golczewski, *op. cit.*, p. 98.

⁵⁷ Karol Marcinkowski, *Krwawe nieszpory we Frysztaku*, Philadelphia 1983. There were no casualties (22 persons were wounded).

⁵⁸ Roger Price, *The Modernization of Rural France*, London 1983, pp. 143-147.

Jewish migration from Russia after the pogroms of 1882, 1891, 1904 and 1906⁵⁹. The social composition of the Jewish emigrants provides yet another piece of evidence substantiating such judgment. According to statistical data from 1899/1900, among Galician Jews who reached the United States in this year, 34 per cent were craftsmen, 16 per cent workers and servants and 50 per cent persons without given occupation⁶⁰. Some of those who figured in Galician statistics in the commerce sector, might have been recorded by immigration office as persons without occupation, due to meagre financial resources brought with them to the United States. Young age structure of the immigrants could have also make American officials refuse to register the younger offspring of tradesmen under the same category. Nevertheless, the extent of this bias does not seem to be large enough to account for the total absence in the statistical records Jewish merchants or trades people, who were the main object of the boycott movement⁶¹. Those who decided to migrate on a large scale were small craftsmen affected by the development of modern industry and by the imports of cheap goods from more advanced provinces of the Empire⁶².

This recognition of the economic backbone to Jewish emigration allows us to treat its rate, timing and direction as an important indicator of the changes in

⁵⁹ Raphael Mahler, *op. cit.*, p. 255. In 1899 11,071 Jews emigrated from Galicia to USA, the number equal to the average for the years 1891-1900. In 1900 16,920 Jewish migrants embarked on ships heading for America, and this number remained steady for next 5 years (the average for the years 1901-1905 was 16,435). The increase was mostly due to the augmented flow of the Jewish immigrants from Eastern Galicia and involved all the Galician nationalities. Józef Buzek, *Pogląd na wzrost ludności ziem polskich w 19 wieku*, Kraków 1915, p. 46.

⁶⁰ Ignacy Schiper, *op. cit.*, p. 443.

⁶¹ Jewish tradesmen were registered among Galician Jews arriving in the United States for the first time in the period 1900-1914; their share oscillated between 3.5 and 5.3 per cent. Jacob Lestschinsky, *Jewish Emigration in the Last Quarter of the Century* (in yiddish), Berlin 1927, p. 50. A similar situation occurred in Russia: between 1898 and 1914, the average proportion of tradesmen (who in 1897 accounted for 35.4 per cent of the Jewish labour) among Jewish migrants overseas was 5.3 per cent. Julius Katzenstein, 'Probleme der judischen Wanderung', in *Der Jude*, vol. 6 (1921/22), p. 27.

⁶² In Russia, craftsmen together with skilled workers accounted for 2/3 of total Jewish emigration. Merchants and tradesmen, mostly small shopkeepers and peddlers composed only 5.3 per cent of the emigrants. Ralph Melville, *op. cit.*, pp. 128-129.

the environment conditioning Jewish economic activities in Galicia. The evidence, along with the collected data on the demography of the Galician Jewry, suggests a relative retardation in embarking upon the set of transformations associated with the modernization of East-Central European Jewry. A mass-scale migration, a decrease in the rate of natural increase, and a departure from traditional patterns of marriage affected Galician Jewry substantially later than the communities living elsewhere. For the Jews the acceleration in economic development and demographic transition to 'low mortality, low fertility' stage turned out to be out of phase and accumulated the consequences of the negative side of the demographic growth. This reinforced the linkage between the economics and such demographic phenomena as natural increase and migration. Therefore we may observe quite precisely the difference in their timing between two provinces of the same country; the difference which otherwise could be overridden by other social and economic factors.

3. Geographical Distribution and Urbanization

The aim of this chapter is an investigation of certain features of: first, the settlement pattern of Jews as compared to the geographical distribution of non-Jews; second, the urbanization of the Jewish and non-Jewish population. A study of this kind is a fundamental component of the demographic characteristics of an investigated population yet, along with the tasks set out above, we will apply it to slightly different ends. Available data allows us to look at the dynamics of the Jewish geographic pattern which, according to the assumptions made, should reflect the employment distribution of the Jewish population and changes in the nature of Jewish economic activities. Thus, the issues examined below constitute an attempt to delineate the differing patterns of urbanization and spatial migration of either group and to link them to the changes in the Galician agricultural sector.

The findings may be briefly summarized as follows:

First, there was relatively little geographic segregation between the settlement pattern of the Jewish and non-Jewish populations. Further, when measured separately for two parts of the country, the distribution of the Jewish population correlated significantly more closely with the distribution of non-Jews in East than in West Galicia. The difference was most pronounced in the category of small towns (2-5 thousand inhabitants) and village communes. Since these localities were constitutive elements for middleman services operating within underdeveloped rural economy, it may be assumed that the Jewish group in East Galicia fulfilled its middleman function to a higher degree than the Jews in West Galicia.

Second, contrary to the conventional view, Jews in East Galicia turned out to be more urbanized than in West Galicia. The disparity is particularly apparent if we

use as a measure of urbanization the size of settlement of the median inhabitant index. The different picture of Jewish urbanization is due to the classification of localities on the basis of the numerical instead of the administrative or historical criterion. As a result, sites with a population between two and five thousand, qualified hitherto as village communities, were shifted to the small town category. Since this was the settlement place where the greater number of Jewish communities dwelled in East Galicia, their share in urban population turned out to be higher than in West Galicia. It should be remembered, however, that many such places did not develop typical urban functions and should be considered market places rather than typical urban sites. The preponderance of East Galician Jews in this category of sites furnishes one more argument buttressing the findings summarized in (1).

With respect to the absolute categories, the indices of urbanization display substantial delay in the in-migration of Galician Jews to the cities. Moreover, some evidence suggests that until 1880 (1890 in East Galicia) the Jewish population was actually de-urbanizing; in this period the proportion of Jews residing in the Galician countryside grew at the expense of the Jewish urban population. These findings are in striking contrast to the experience of other Jewish ethnic group settled in East-Central Europe and to the widely shared conviction that the abolition of serfdom definitely ended the rural activities of Jews¹.

Third, there was a substantial difference in the tempo of urbanization, firstly between the Jewish groups in West and East Galicia and, secondly, between the Jewish and non-Jewish populations. Jews residing in West Galicia migrated to the cities at a faster rate than Jews in the eastern province; the most obvious reason was the decline of the small town which was a more widespread form of Jewish settlement in East than in West Galicia. Another reason might have been the lower pressure on economic resources apparent in East Galician rural areas. The

¹ Karl R. Stadler, 'Comments', in *Austrian History Yearbook*, vol. 11 (1975), p. 55.

relatively faster urbanization rate among non-Jews is a comprehensible phenomenon; initial disparities in the share of urban population and the overwhelming dominance of the Jews among urban dwellers were so high that there was no available potential to enlarge them to higher degree. The period when the in-migration to the cities developed at a particularly dynamic rate (for both Jewish and non-Jewish populations) was the first decade of the nineteenth century.

An investigation of the geographical distribution of Jews in Galicia may be best described on the basis of a dissimilarity or segregation index. This index has been commonly used for studies of ethnic segregation in American cities², but it has been also employed for the analysis of the Jewish settlement pattern in Frankfurt am Main and Berlin and in the Russian Pale of Settlement³. The dissimilarity index computes the percentage geographical distribution of two populations, here Jews and non-Jews. For each territorial unit, in our case the political county, the difference in percentage distribution of two populations is calculated⁴. The result may be either negative (relatively greater percentage of non-Jews) or positive (relatively greater percentage of Jews). Summation of the positive differences results in the dissimilarity index, which may vary between 0 (complete integration) and 100 (complete segregation). The value of the index may be interpreted as one-half the sum of the differences in each district, that is, the portion of one population which would have to change their residence to produce unsegregated distribution⁵. Needless to say, the term 'integration' designates nothing else than an equal distribution of two populations measured at the county

² Karl E. Tauber and Alma F. Tauber, *Negroes in Cities*, New York 1969, pp. 29-30.

³ Steven M. Lowenstein, 'Jewish Residential Concentration in Post-Emancipation Germany', in *Leo Baeck Institute Yearbook*, vol. 28 (1983), pp. 471-495; Richard Rowland, 'Geographical Pattern of the Jewish Population in the Pale of Settlement of Late Nineteenth Century Russia', in *Jewish Social Studies*, vol. 48 (1986), pp. 207-239.

⁴ The organization of the Galician administrative system has been discussed in Chapter 1., pp. 35-36.

⁵ Karl Teubner and Alma Teubner, *op. cit.* p. 30. See also, Steven M. Lowenstein, *op. cit.*, fnote 9, p. 476.

level and is only indicative of, but not equal to, social or economic integration.

The data supplied by population censuses allows to calculate the index for four time benchmarks - 1880, 1890, 1900 and 1910. Statistics based on the 1869 census can not be utilized because the administrative reform of 1878 changed the borders of all territorial units and diminished substantially the average area of the political county. As a consequence, the counties existing before and after 1878 are not comparable. The subsequent period was not free of administrative change either - between 1880 and 1910 seven new counties were created - and one can not exclude the possibility of some distortion in the value of the dissimilarity index calculated for subsequent decades. Therefore, the index will be computed on the basis of two statistical sources:

first, the confessional composition of the population of political counties, included in the Austrian population censuses; second, a statistical survey of Jewish settlement in Poland published in 1930 by Bogdan Wasiutyński⁶.

Since Wasiutyński's study is, to the best of my knowledge, little known among Polish historians, we shall include its presentation alongside an assessment of its credibility⁷. The study was carried out under the auspices of the *Instytut Badań Narodowościowych* (Institute for Research on Nationalities). The Institute was established in 1928 with the original aim of supplying data on nationalities living in Poland for the needs of governmental institutions⁸. The research subject attracted many prominent Jewish scholars who hoped to influence political decisions concerning the Jewish minority in Poland. Therefore, from the very beginning, the institute dealt extensively with current problems of Jewish

⁶ Bogdan Wasiutyński, *Ludność żydowska w Polsce w wiekach XIX i XX. Studium Statystyczne*, Warszawa 1930.

⁷ The study was used as a statistical source in Artur Eisenbach, *Mobilność terytorialna ludności żydowskiej w Królestwie Polskim*, Warszawa 1983, p. 275.

⁸ Among politicians, scientists and journalists who created the Institute were eminent representatives of the Jewish historians such as Aszkenazy, Bałaban, Schiper and Schorr. In 1931, the Institute created *Komitet dla Zbadania Potrzeb Gospodarczych Ludności Żydowskiej w Polsce* (the Committee for the Investigation of the Economic Needs of the Jewish Population in Poland).

economic life, demography and settlement. A full set of these studies has been published in *Studia Narodowościowe*, a monthly periodical issued between 1927 and 1937.

Wasiutyński included in his work the Jewish population inhabiting Polish lands during the second part of the nineteenth and at the beginning of the twentieth century. For Galicia, time benchmarks have been established by the Austrian censuses of 1880, 1890, 1900, 1910, and by the first population census carried out in independent Poland in 1921. The usefulness of Wasiutyński's work lies in the fact that he calculated for the whole period 1880-1921 appropriate numbers for the Jewish and non-Jewish populations on the fixed basis of the 1921 administrative division, which, with one exception, was identical to the 1910 administrative division⁹. Hence, we have at our disposal strictly comparable data set at the county level for years 1880, 1890, 1900 and 1910.

How much credence may be given to the statistical results of the study? Leaving aside the credence given to the Institute as a whole, it was possible to cross-check most of the data supplied by Wasiutyński through the computation of the census' information. Wasiutyński based his work on the four population censuses and *Special-Orts-Repertorium für Galizien, herausgegeben von der K. K. Statistisches Central-Kommission*; a periodical Austrian statistical publication enumerating the population of all the sites in the country. Therefore, his task was mainly the summation of the figures at a county level, while allowing for changes in the Galician administrative division. The comparison of his results with those yielded by censuses shows that in most cases the differences were negligible and, at the national level, did not exceed 3 per thousand (in 1890). In two cases, the Podgórze and Cracow counties, the results were substantially corrected: this did not stem from any miscalculation, but from the changes in the Cracow city area which occurred between 1910 and 1921. Therefore, it can be concluded that the study rests upon credible statistical material.

⁹ In 1921 the county of Radziechów was created.

The values of the dissimilarity index calculated on the basis of the censuses and Wasiutyński's work are shown in Table 1. The set of maps included in the text displays in a graphic form the distribution derived from the dissimilarity index between 1880 and 1910. The range of shades between white and black colour corresponds to the values of the dissimilarity index assumed for a given county: the legend shows ranges and associated colours. Simply put, the counties filled with dark shades match the areas with relatively greater concentration of the Jewish population.

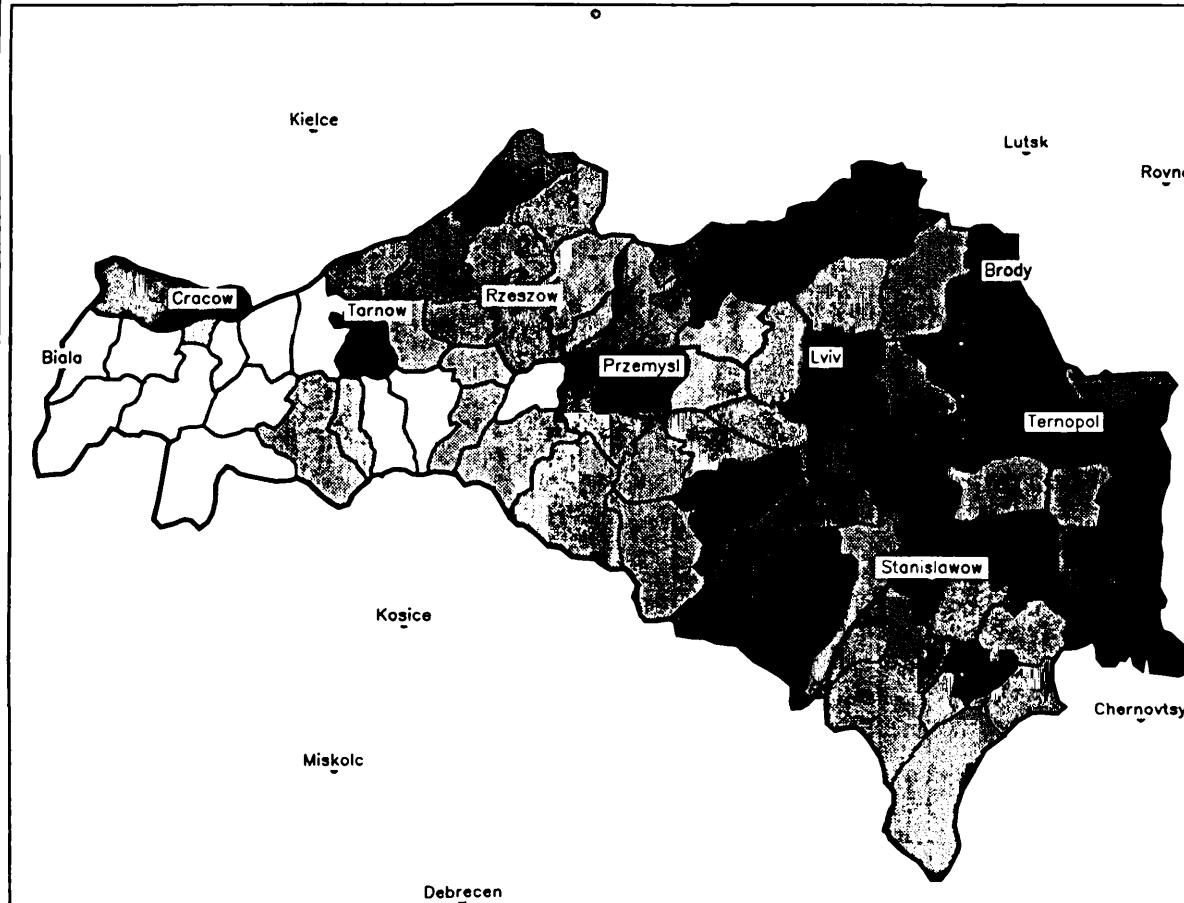
Table 1.
 Geographical Distribution Patterns of Jews and Non-Jews by County.
 Dissimilarity Index for West Galicia, East Galicia and Galicia 1880-1910.

Year	West Galicia		East Galicia		Galicia	
	Wasiut.	Census	Wasiut.	Census	Wasiut.	Census
1880	23.76	23.22	12.21	11.61	17.92	17.51
1890	20.89	19.04	10.98	11.06	17.28	17.26
1900	20.42	19.57	11.04	10.52	16.92	16.51
1910	20.93	20.97	12.91	12.25	16.79	16.22




Note: Indexes for East and West Galicia are calculated under the assumption that its Jewish and non-Jewish population is equal to 100%.

DISSIMILARITY INDEX








Galicia 1880



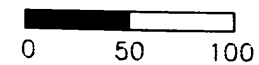
Legend

-  border
-  district1910
-  CITY

Ranges

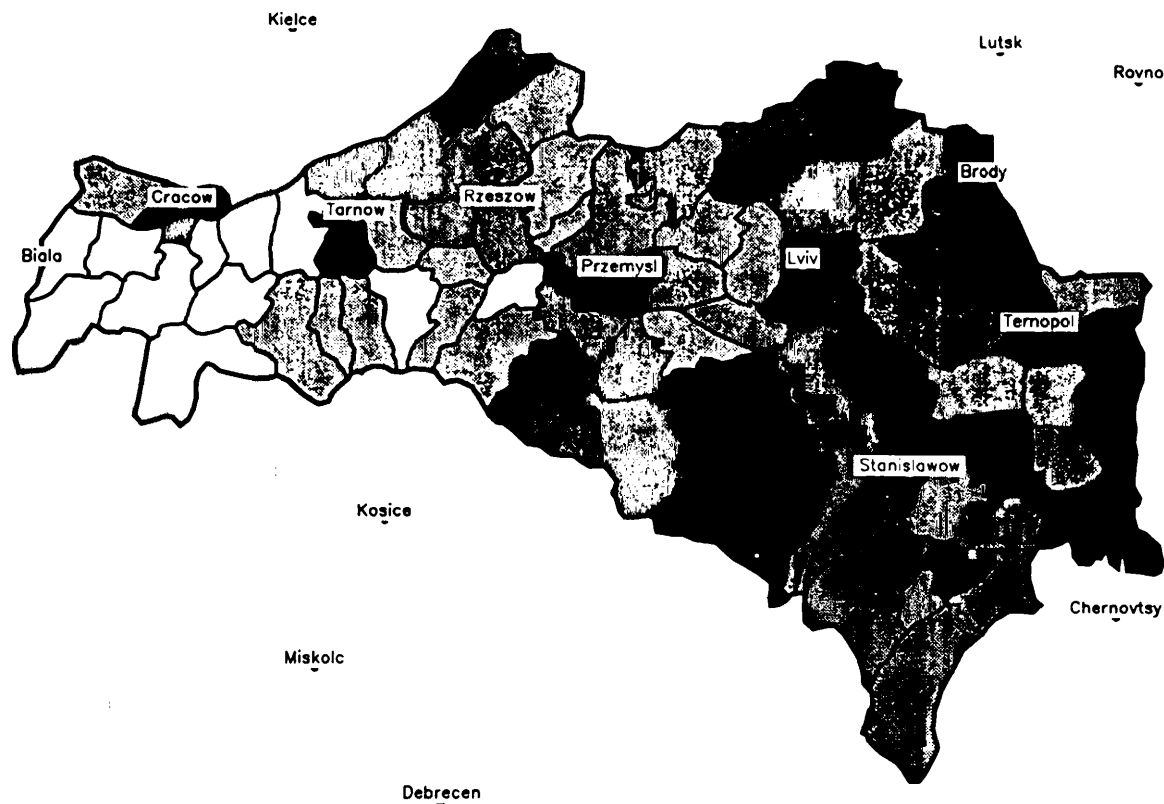
-  -1.43 to -0.58
-  -0.58 to -0.3
-  -0.3 to -0.16
-  -0.16 to 0.03
-  0.03 to 0.2
-  0.2 to 0.44
-  0.44 to 4.05

Km






DISSIMILARITY INDEX








Galicia 1890



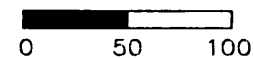
Legend

-  border
-  district1910
-  CITY

Ranges

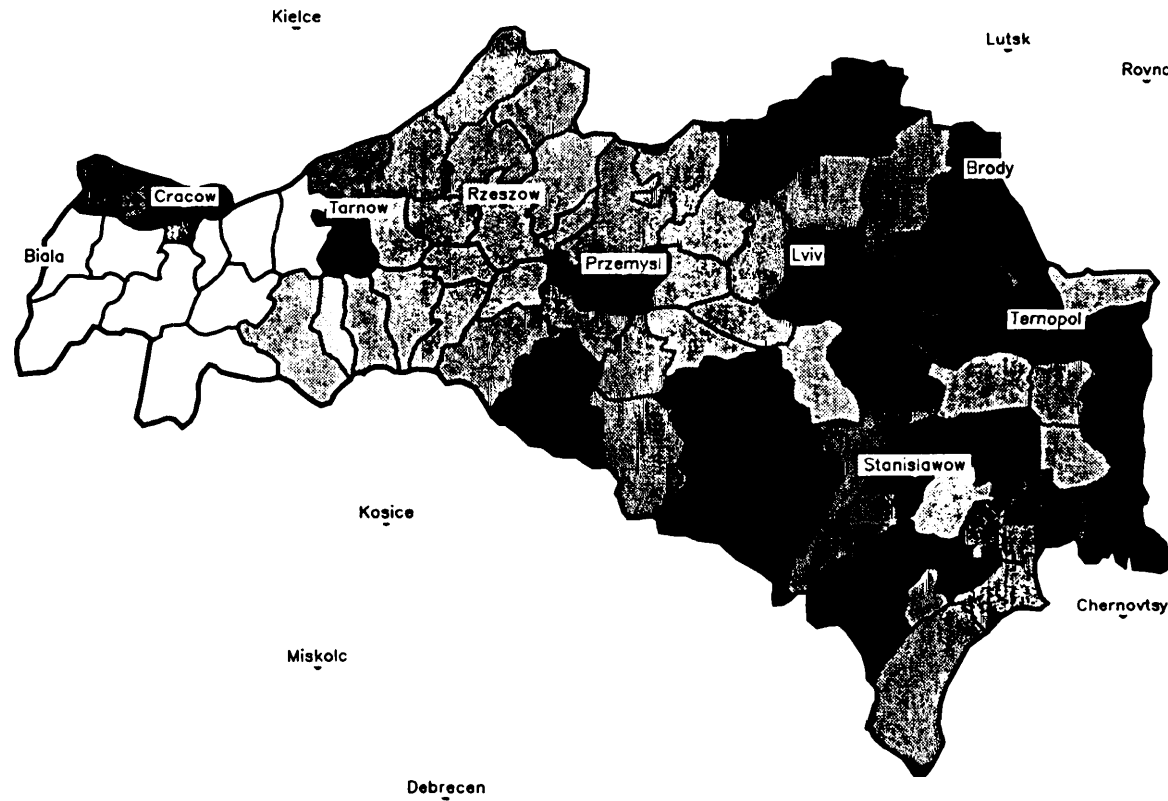
-  -1.43 to -0.58
-  -0.58 to -0.3
-  -0.3 to -0.16
-  -0.16 to 0.03
-  0.03 to 0.2
-  0.2 to 0.44
-  0.44 to 4.05

Km






DISSIMILARITY INDEX








Galicia 1900



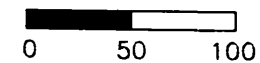
Legend

-  border
-  district1910
-  CITY

Ranges

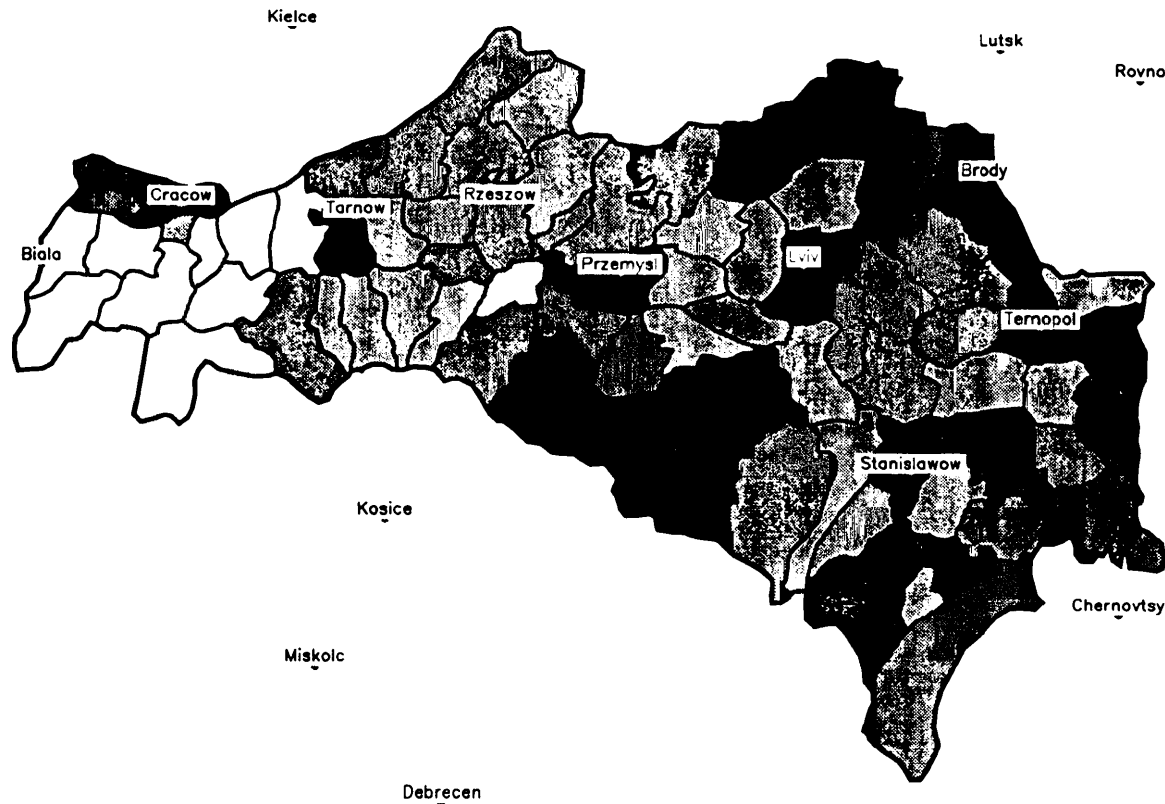
-  -1.43 to -0.58
-  -0.58 to -0.3
-  -0.3 to -0.16
-  -0.16 to 0.03
-  0.03 to 0.2
-  0.2 to 0.44
-  0.44 to 4.05

Km






DISSIMILARITY INDEX








Galicia 1910



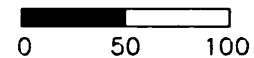
Legend

-  border
-  district1910
-  CITY

Ranges

-  -1.43 to -0.58
-  -0.58 to -0.3
-  -0.3 to -0.16
-  -0.16 to 0.03
-  0.03 to 0.2
-  0.2 to 0.44
-  0.44 to 4.05

Km



Both statistical sources present a similar and coherent picture - the dissimilarity index for the whole of Galicia has a value ranging between 16.79 and 17.92 difference points (16.22 and 17.51 for census data). This figure would point to the relatively low level of geographical segregation between the Jewish and non-Jewish populations. Such a finding is not surprising, because it is unlikely that the index could assume higher values for a middleman minority deriving its income from commercial and financial services supplied to the rest of the society¹⁰. Nevertheless, the index' value is still higher than the figure calculated by Rowland for the Jews living in the Pale of Settlement in the Russian Empire (15.5 difference points)¹¹. Taking into account that the urbanization of Russian Jews was more advanced (in 1897, 48.9 per cent of the Jewish population in the Pale of Settlement resided in urban centres) one would expect rather the opposite result, since the higher concentration of Jews in the cities should favour heigher index values. Moreover, one tends to believe that the engagement in the rural economy, which embraced the larger part of Galician Jews, implied their more even distribution among the non-Jewish population. Economic backwardness in combination with the belated shaping of national markets gave rise to the *shtetl*, a form of the Jewish settlement typical of Eastern Europe only. The *shtetl* was a small site forming alongside the neighbouring hinterland a small, closed market. Until the networks of these small market places were crossed by the pull of long distance markets, and in order to carry commercial transactions with the

¹⁰ Cobas in his review of outstanding problems in the area of the sociology of the ethnic economy, notes that the term "middleman minority should not be used in generic sense since there is more than one adaptation strategy that minorities which concentrate in business may follow". Such is also the implicit assumption underlying Bonacich's article; studies on immigrant groups in USA demonstrate that some minorities apply the 'ethnic enclave' strategy in order to adapt to the economy of the resident society. These two strategies differ in the composition of the clientele of their business; whereas minorities in an enclave trade mainly with co-ethnics, middleman minorities supply commercial services to the out-groups. As a result "the enclave is concentrated and spatially identifiable (while), by the very nature of their activities, middleman minorities must often be dispersed among the mass of the population." Alejandro Portes and Robert D. Manning 'The Immigrant Enclave: Theory and Empirical Examples', in Suzan Olzak and Joane Nagel (eds) *Competitive Ethnic Relations*, Orlando 1986, pp. 62-63; Jose A. Cobas, 'Six Problems in the Sociology of the Ethnic Economy', in *Sociological Perspectives*, vol. 32 (1989), pp. 201-214.

¹¹ Richard Rowland, *op. cit.*, p. 25.

peasantry, the Jews had to settle at every point of the town network¹².

On the other hand, the effect of the Jewish inclination for urban life ought to be the more discernible the greater the difference in the advancement of urbanization between Jews and non-Jews. Accordingly, the difference should be more tangible when towns or cities are of small size and it should diminish when the share of urban population is increasing. It is likely than that this factor contributed to the higher value of the dissimilarity index with respect to Galicia where the urbanization was relatively retarded. The fact that the value of the index is diminishing over time may be explained by the growing in-migration of the non-Jewish population to cities. Since the changes in the dissimilarity index are too slight to back up such an assumption, we will use another measure of association between the geographical pattern of two populations - the correlation coefficient between the percentage distribution of Jews and non-Jews by counties¹³. Both variables do not have normal distribution, therefore the Spearman's rank correlation coefficient will be used.

¹² "Jede Stadt bildete mit ihnen landwirtschaftlichen Hinterland ein geschlossenes Wirtschaftsgebiet (...), und die Juden müßten sich in allen Städten niederlassen, um möglichst alle von dem Handel des Landes in ihre Hände zu bekommen". Arthur Ruppin, *Die Soziologie der Juden*, Berlin 1930-31, vol. 1, p. 105.

¹³ Correlations of two or more variables across a number of spatially-ordered units provide a measure of the association of phenomena in space, and are a convenient way of summarizing the associations between phenomena. For a more thorough theoretical explanation and an example of correlating variables concerning ethnic composition see Ralph S. Clem, 'The Integration of Ukrainians into Modernized Society in the Ukrainian SSSR', in Ralph S. Clem (ed.), *The Soviet West. Interplay between Nationality and Social Organization*, Columbia 1975, pp. 60-70.

Table 2.

Spearman's Rank Correlation Coefficient between the Distribution of Jewish and Non-Jewish Population, Galicia 1880-1910.

Year	West Galicia	East Galicia	Galicia
1880	0.271	0.798	0.443
1890	0.361	0.821	0.528
1900	0.365	0.864	0.643
1910	0.311	0.830	0.675

The correlation coefficient for the whole of Galicia assumes increasing values in the investigated period. Urbanization of the non-Jewish population provides the best explanation of this tendency because it means nothing else than the increasing in-migration to places with a relatively greater concentration of Jews. The process can not be conceived in another way, that is as the expansion of Jews into settlements with a relatively greater concentration of the non-Jewish population. The reasons are apparent - between 1890 and 1910 the proportion of the total Jewish population residing in cities was also growing and the Jews were already overrepresented in the overwhelming majority of Galician urban places¹⁴. Such a conclusion is concurrent with the phenomenon described by Kuznets - the more underdeveloped the country, the greater the role of the ethnic minority (of

¹⁴ The only significant exception was the city of Żywiec. The reason was the hostile attitude of local authorities towards Jewish business; Tenenbaum cites the example of a Jewish merchant who was refused permission to establish a local factory. As a result, for most of the 1880-1910 period no single Jew was recorded by the censuses as a city dweller. Józef Tenenbaum, *Żydowskie problemy gospodarcze w Galicji*, Wien 1918, p. 73.

middleman type) in the urbanization process¹⁵.

The remarkable difference between the coefficients counted separately for the two parts of the country lends more support to our hypothesis linking them to the tempo of urbanization. Since, as we are going to see, both Jewish and non-Jewish populations were significantly more urbanized in East than in West Galicia, the gap between them was relatively smaller. Moreover, the Jewish population was more equally distributed in the larger number of East Galician towns and their concentration in the capital did not influence so heavily the coefficient value. In 1880, 6 per cent of East Galician Jews and 12 per cent of West Galician Jews resided, respectively, in Cracow and Lviv. In the next 30 years, these proportions were maintained; in 1910 the figures were 8.7 per cent in East and 15.2 per cent in West Galicia. West Galicia besides Cracow had only two larger cities (Tarnów and Rzeszów), which implied proportionally greater variance in the distribution of the two populations, because all the impact of the Jewish over-representation in the urban environment accrued in fewer political counties.

It is a remarkable fact that the proportion of Jews dwelling in Cracow and Lviv was very low in comparison to most Central-East European countries. In 1910 Lviv was the place of residence for 6.6 per cent of Galician Jews. Even if one includes Cracow in this calculation the figure would be only 10 per cent. The tendency towards a concentration of Jews in the capital was much more advanced in Germany, where 30.6 per cent of the Jews lived in Berlin (1926), and in Hungary where 44.9 per cent of Hungarian Jewry dwelled in Budapest (1921). For Austrian Jews, the figure was 67.3 per cent (Vienna 1921)¹⁶.

A comparison of the indices' values for East and West Galicia may also

¹⁵ The Jewish minority may constitute a substantial fraction of an underdeveloped country; but it cannot be more than a small minority of the urban population of an industrialized country. Simon Kuznets, 'Economic Structure and Life of the Jews', in Louis Finkelstein (ed), *The Jews, Their History, Culture and Religion*, New York 1960, 3rd edition, vol. 3, p. 1606.

¹⁶ Arthur Ruppin, *op. cit.*, p. 117.

buttress conclusions of another sort. As we have noted, the difference in the dissimilarity index and in Spearman's correlation coefficient values are consistent and point more to the middleman minority type distribution of the Jewish population in East Galicia. In fact, the very low value of the dissimilarity index and the very high value of the correlation coefficient suggest that the Jewish economy was almost totally organized around providing intermediary services to the majority group. The relatively greater 'status gap' in the occupational composition of the Ukrainian population may account for a part of the difference. Yet there are two other consequences embedded in the very nature of the middleman economy. The first of them takes us back to the connection between economic development and the functioning of the Jewish group in the economy. The relatively balanced dislocation of the Jewish population in East Galicia may be conceived as evidence for the existence of widespread commercial links based upon the agricultural sector. Consequently, the Jewish settlement pattern would be positively correlated with the volume of commercial and financial turnover upon which the Jewish economy was based. Since the latter may be taken as an index of economic development, the presumption is that East Galicia recorded relatively more viable growth rates in the agricultural sector.

However, it should be remembered that the hypothesis that the agricultural sector in West Galicia provided a relatively lower volume of market oriented production, which in turn limited the demand for Jewish intermediary services, is only one of two conceivable answers. The other possibility is that the Jewish group might have been ousted from some economic positions by rural organizations and new middle class elements arising in Polish society. This takes us back to the issue of the divergent pace of social, cultural and economic transformation among Poles and Ukrainians, in particular to that aspect of modernization that is associated with the advance in the functional differentiation of the society. Although this concept will be brought into our analysis at a later stage, we shall note here that the first hypothesis would lend support to Hryniuk's revisionist approach to Galician economic history. Hryniuk, in her study on five East Galician counties, proved that between 1880 and 1910 local agriculture

achieved some elements of economic progress. The conclusions she drew on this basis questioned two widely accepted assumptions - one addressing the issue of backwardness and stagnation in the Galician agricultural sector, and the other accepting the relative economic superiority of West Galicia over the eastern part of the country¹⁷.

The data collected by Wasiutyński allows for some estimations concerning the tempo of urbanization of the Jewish and non-Jewish populations. Before we proceed however, I shall make a few remarks regarding the issue of Jewish urbanization. Arcadius Kahan noted that the Jewish inclination to urban life is usually taken for granted, but the urbanization process itself and its effects on the economics of the Jewish population have been very much neglected by scholars¹⁸. This remark, the author of whom is an eminent expert on Jewish economic life in Eastern Europe, holds true with respect to the Jewish communities of the Polish-Lithuanian Commonwealth. The lacuna in the literature is visible not only in the lack of studies on the urbanization process itself, but also in the neglect of the large part of the Jewish population dwelling in villages and small market towns¹⁹.

In Chapter 1 it has been noted that a sizable part of Central-East European

¹⁷ Stella Hryniuk, *A Peasant Society in Transition: Ukrainian Peasants in Five East Galician Counties 1880-1900*, unpublished PhD dissertation, University of Manitoba, 1985; Idem, 'Peasant Agriculture in East Galicia in the Late Nineteenth Century', in *Slavonic East European Review*, vol.2 (1985), pp. 228 - 243; Idem, 'Health Care in Rural Eastern Galicia in the Late-Nineteenth Century: The Role of Woman', in John Komlos. (ed), *Economic Development in the Habsburg Monarchy and in the Successor States*, New York, 1990; Idem, *Peasants with Promise: Ukrainians in South-Eastern Galicia 1880-1900*, Edmonton 1991.

¹⁸ Arcadius Kahan, *Essays in Jewish Social and Economic History*, Chicago/London 1985, p. 27.

¹⁹ Apart from the already quoted works of Eisenbach (see footnote 23 in Chapter 1.), only two scholars have treated the issue of Jewish urbanization separately in the postwar period: Zygmunt Sułowski, 'Mechanizmy ekspansji demograficznej Żydów w miastach polskich XVI-XIX wieku', in *Zeszyty Naukowe KUL*, vol. 17/3 (1974), pp. 93-110; Adam Penkalla, *Ludność żydowska na Kielecczyźnie w I połowie 19 wieku*, unpublished PhD dissertation, Warszawa 1983. On the issue of rural Jews see, Jakub Goldberg, 'Władza dominialna Żydów-arendarzy dóbr ziemskich', in *Przegląd Historyczny*, vol. 2 (1991), pp. 189-198.

Jewry had, for centuries, earned their livelihood in a rural environment²⁰. The movement of Jews into the cities of the Commonwealth, which indeed took place between the sixteenth and nineteenth centuries, occurred alongside the agrarianisation of towns stemming from the long lasting stagnation and decline of the Polish economy. As a result, the majority of the Jewish urban population resided in towns whose organisation and social structure very little resembled urban life²¹. Thus the most numerous group of cities were rural market towns: small towns which conducted a local trade in luxury articles and a wholesale and retail sale of all basic agricultural commodities²². Another form of settlement took place around rural markets, which functioned on the basis of royal privileges but without town rights²³.

For analytical purposes, the process of judaization of Polish towns may be divided into three phases. In the first phase, lasting from the Middle Ages probably until the second half of the sixteenth century, Jews settled mainly in

²⁰ "Man spricht bei uns oft von Juden als von Stadtern. In Wirklichkeit ist das unrichtig, denn vor hundert Jahren lebte ein sehr grosser Prozentsatz Juden in Dorfern". Jacob Lestschinsky, 'Fragen des Ostjüdischen Wirtschaftslebens', in *Der Jude*, vol. 1 (1916/1917), p. 298.

²¹ "Die jüdische Städtchen waren doch nur besondere jüdische Dorfer mit allen charakteristischen Merkmalen und Nuancen eines Dorflebens". *Ibidem*. In many settlements with municipal rights, the number of townsmen engaged in animal husbandry and land tilling exceeded 50 per cent of the total population. Andrzej Wyrobisz, 'Functional Types of Polish Towns in the XVI-XVIIIth Centuries', in *Journal of European Economic History*, vol. 12/1 (1983), p. 74. "In Osteuropa hat die kleine Stadt einen stärkeren dorfliehen Einschlag der sich (...) durch landwirtschaftliche Nebenbeschäftigung (...) vieler Bewöhrner kundgibt". Arthur Ruppin, *op. cit.*, vol. 1, p. 106. A similar observation concerns Russia: huge number of peasants living in Russian towns led many historian to define them as 'agrarian towns'. Paul Bairoch, 'Urbanization and the Economy in Preindustrial Societies: the Findings of Two Decades of Research', in *Journal of European Economic History*, vol. 18/2 (1989), p. 264.

²² Wyrobisz estimates that this category of settlement constituted over 90 per cent of the total number of towns. Andrzej Wyrobisz, *op. cit.*, p. 85. At the end of the eighteenth century no more than 12 Polish cities had a population of more than 10,000. By contrast, there were more than a thousand towns of 2000 and fewer inhabitants. Gershon David Hundert, 'The Role of the Jews in Commerce in Early Modern Poland-Lithuania, in *Journal of European Economic History*, vol. 16/2 (1987), p. 248.

²³ We know about 400 such market villages. They were scattered throughout the country but the individual concentration were to be found in Podlasie, Pomerania, south-eastern Great Poland and southern Little Poland (Galicia). J. Maroszek, *Targowiska wiejskie w Polsce w drugiej połowie XVII i w XVIII wieku*, unpublished PhD dissertation, quoted in Andrzej Wyrobisz, *op. cit.*, p. 87.

large cities²⁴. The chief source of the expansion were Jewish migrants from the West, although it is likely that Jewish natural movement was also of importance. In the next centuries, Jewish settlement shifted to smaller cities and towns (also villages). The mechanism underpinning the soaring share of Jews in the urban population was the significantly higher (compared to non-Jews) rate of natural increase, whereas migration played only a secondary role²⁵. Since the records relating to Jewish natural movement date only from the beginning of the nineteenth century, it is hard to pin down this phenomenon in the earlier period. We may assume, however, that the differential in the rate of natural increase was maintained from the sixteenth century until the first half of the nineteenth century. Since the problem of demographic characteristics of the Jewish population was extensively examined in the Chapter 1., we make here only passing reference to this issue.

Besides demographic factors, another reason for a high proportion of Jews in the urban population was their settlement in private towns, where the Jews were subjugated to the exclusive jurisdiction of town owners²⁶. In such an environment Jewish merchants found little competition because they were protected by the magnates ruling over the town, who saw in them a chance to

²⁴ In 1578 Kazimierz (the Jewish city adjacent to Cracow) and Lublin concentrated 81 per cent of the total Jewish population of Little Poland. Similarly, 45 per cent of the Jews of Great Poland lived in the two largest cities of the region, Poznań and Inowrocław. Zygmunt Sułowski, 'Ekspansja demograficzna Żydów w Polsce w XVI-XIX w.', in *Zeszyty Naukowe KUL*, vol. 17/3 (1974), p. 96. Jewish settlement acquired a more dispersed form in the countryside matching the territory of Galicia, where only 20 per cent of the Jews settled there in the eighteenth century lived in towns. *Ibidem*, p. 98. Jews, subject to pressure from the nobility and townsmen in crown territories in Western Poland, were attracted to the lands of magnates where they were offered free - even subsidized - settlement and abundant economic opportunities. M. J. Rosman, *The Lords' Jews. Magnate-Jewish Relations in the Polish-Lithuanian Commonwealth during the Eighteenth Century*, Cambridge/Massachusetts 1991, p. 40.

²⁵ *Ibidem*, pp. 102-103.

²⁶ By the decision of the Sejm in 1539. Zygmunt Sułowski, *op. cit.*, p. 106. On the issue of private towns in Poland see, W. Trzebiński, *Działalność urbanistyczna magnatów i szlachty w Polsce w XVIII w.*, Warszawa 1962; T. Opas, 'Miasta prywatne a Rzeczpospolita', in *Kwartalnik Historyczny*, vol. 78 (1971), pp. 28-48; Andrzej Wyrobisz, 'Miasta prywatne w Polsce w XVI i XVII wieku', in *Przegląd Historyczny*, vol. 65 (1974), pp. 19-46. At the end of the seventeenth century, private towns constituted 68 per cent of the total number of towns located in Małopolska (Galicia). *Ibidem*, p. 23.

enhance their own revenues²⁷. The non-Jewish bourgeoisie enjoyed more success in competition against the Jews in royal cities, some of which were granted the *de non tolerandis Iudaeis* privilege. The ban on Jewish settlement however, usually led to the construction of the Jewish district adjacent to the city²⁸. Moreover, for mercantile reasons analogous to those of the gentry, Polish monarchs used to intervene on the behalf of the Jews whenever the opposition of non-Jewish merchants seriously threatened their economic position²⁹. In the sixteenth century, the Jewish urban settlement took a particularly dynamic form in the cities of Ruś Czerwona, a geographic region overlapping partly the territory of Galicia. Swift urbanization of the region, a location on the crossroads of important trade routes and the later arrival of economic crisis, which at this time had already encompassed central and western regions of Poland, were among the most important factors attracting Jewish settlers. As a consequence, by 1575 Jews already inhabited in larger numbers 74 cities, almost 40 per cent of all the urban

²⁷ Gershon David Hundert, *op. cit.*, p. 274. Some magnates used Jews as a principal instrument for the reconstruction of towns and development of foreign trade. Jews transformed Leszno, the hereditary town of the Leszczyński and Sułkowski families, into the main trade centre of Great Poland. Due to the protection of the Sobieski and Potocki families, Brody, heavily populated by the Jews, acquired the name of 'Polish Amsterdam'. Ignacy Schiper, *Dzieje handlu żydowskiego na ziemiach polskich*, Warszawa 1937, p. 163.

The symbiosis between Jewish commerce and the Polish ruling classes is an example of the phenomenon described by Hamilton as a paradox of power and dependence. A minority group of low social status may succeed in commercial endeavour due to the specific elite power structure. The elite promotes a pariah's group accumulation of wealth in order to profit from this wealth. The ethnicizing of commercial roles prevents the accumulated money from turning into power; had it been native merchant groups accumulating financial resources, such a situation would be inevitable. Gary Hamilton, 'Pariah Capitalism: A Paradox of Power and Dependence', in *Ethnic Groups*, vol. 2 (1978), pp. 1-15. In the more contemporary context of middleman minority this situation occurs when "the elites (...) sponsor foreign groups as middlemen between themselves and the mass of population (...) transferring the risk of commercial transactions". Alejandro Portes, 'Cuban Enclave Economy', in *Sociological Perspectives*, vol. 30 (1987), p. 345.

²⁸ Such was the situation in Cracow, where in 1495 the Jews were transferred from the centre of the city to nearby Kazimierz. In Drohobycz and Sambor, two important urban centres located in East Galicia, Jews moved into suburbia, where they established new urban districts. Maurycy Horn, 'Żydowski ruch osadniczy w miastach Rusi Czerwonej', in *Biuletyn Żydowskiego Instytutu Historycznego*, 1981, p. 11. Schiper describes an additional way of circumventing restrictions on the Jewish settlement. In the second half of the seventeenth century, the Polish gentry began to rent or sell to the Jews so called *jurydyki*; stretches of land located in the city but exempt from urban jurisdiction. Ignacy Schiper, *op. cit.*, p. 162; Jacob Goldberg, 'Poles and Jews in the 17th and 18th Centuries. Rejection or Acceptance', in *Jahrbücher für Geschichte Osteuropas*, vol. 22 (1971), pp. 262-263.

²⁹ Numerous examples of such interventions are quoted in Ignacy Schiper, *op. cit.*, pp. 157-161.

localities of Ruś Czerwona³⁰.

The third phase of Jewish urban settlement took place in the nineteenth century and occurred in a fashion contrary to that experienced between the sixteenth and nineteenth centuries; from rural hamlets and small towns, Jews moved back to the large cities. The timing of this flow of the Jewish population differed among regions and was linked to the advance of industrialisation. The outcome was the gradual assumption on the part of the Jews of essentially urban functions and the abandonment of their position of intermediaries between town and village.

To return to our main thesis: the dynamics of demographic changes in the Jewish population, the process of agrarisation of the Polish towns and specific forms of Jewish settlement placed a high percentage of Jews in a rural or semi-rural environment. Jewish settlements were deprived of most of their typically urban functions; the basis of their existence was built upon local commerce and crafts. The reason was not only the general economic decline of the country, but also the fact that many Jewish towns originated from Jewish settlement on land belonging to large landowners. Such towns constituted an element of the feudal complex; they served as the commercial and administrative centre for the surrounding manors and villages³¹. It is estimated that by 1765 more than half of the 750,000 Jews in the Commonwealth lived in privately owned latifundia under the direct jurisdiction of nobility owners³². Thus, besides a large number of the Jewish population residing in the countryside, there was a sizable group of Jewish urban communities dwelling in sites which were hardly distinguishable from villages³³. The German term *Flecken* (*Fleckchen*), used in Josephinian

³⁰ Maurycy Horn, *op. cit.*, p. 12.

³¹ M. J. Rosman, *op. cit.*, p. 17. Andrzej Wyrobisz, *op. cit.*, p. 27.

³² Bernard Weinryb, *The Jews of Poland*, Philadelphia 1973, p. 120.

³³ Arthur Ruppin, 'The Jewish Population in the World', in *The Jewish People. Past and Present*, vol. 1, New York 1955, p. 355.

documents, describes well the character of such Jewish settlements. *Flecken* denoted a large village with urban crafts and some urban privileges. In case when among these privileges was the right to carry out periodical market fairs the place was called *Marktflecken*³⁴.

The presumed proclivity of the Eastern Jews toward the urban environment may be better conceived as the inclination to 'Kompaktheit', to the concentration in large numbers in local centres of economic activity³⁵. Jewish scholars refer to numerous religious and social reasons for such a pattern of settlement³⁶; on the economic side we may mention the ties between ethnic commerce and the necessity of frequent business contacts, especially considering that the intermediary services were organized at the smallest level. Another reason has been advanced by Kuznets: the narrow diversification of the occupational structure made the Jews reside in communities sizable enough to sustain a certain proportion of its members in highly specialized pursuits³⁷.

³⁴ Jan Rutkowski, 'Miasta w Galicji', in *Dzieje Gospodarcze*, vol. 6 (1931), p. 20.

³⁵ "Das Charakteristische der letzten funfzig Jahre ist Kompaktheit - die Juden sammeln sich in grossen Massen an einem Ort, leben kontakt und konzentriert". Jacob Lestschinsky, *op. cit.*, p. 298. The term 'Kompaktheit' is used with a similar meaning in Idem, 'Die Umsiedlung und Umschichtung des Juedischen Volkes', in *Weltwirtschaftliches Archiv*, vol. 29/30 (1929), p. 150. "Jewish settlement was constituted on, or near the market sphere and became more dispersed as one moved further away". M. J. Rosman, *op. cit.*, p. 42.

³⁶ The principal need of the religious life in traditional communities was the fact that the celebration of Sabbath prayer required the presence of at least ten Jews who constituted the so called *minjan*. Among other reasons for an inclination towards 'close living', Rosenfeld writes about greater security in hostile environments and the necessity of children education at a Jewish school. Max Rosenfeld, *Polen und Juden*, Wien/Berlin 1917, p. 70. The religious requirement of a synagogue within walking distance, the convenience of nearby kosher butchers and ritual baths were other incentives for Jewish residential concentration. Steven M. Lowenstein, *op. cit.*, p. 473.

³⁷ Simon Kuznets, *op. cit.*, p. 1620. In tune with certain strands within the sociology of the ethnic economy, one might add that a large concentration of Jews (or any other ethnic group) in a form of ethnic enclave creates an ample consumer market which can sustain a number of co-ethnics. The concept of the 'protected consumer market' refers to the special, culturally based tastes of ethnic minorities that can be served only by co-ethnic businesses. Howard Aldrich et al., 'Ethnic Residential Concentration and the Protected Market Hypothesis', in *Social Forces*, vol. 63 (1985), p. 996. Leon made an interesting distinction between Jewish and non-Jewish artisanry in Eastern Europe which may be feasibly fitted into the protected consumer market perspective. According to his view, non-Jewish artisanry was a product of "special causes which, in a society based on natural, and not exchange economy, nevertheless requires an exchange of services" (i. e. blacksmithing). Jewish artisanry was born in the specific conditions of the small Jewish town and produced for that town; the principal consumers were Jewish merchants and tradesmen. Abram Leon, *op. cit.*, p. 209.

Keeping the above remarks in mind we may return to Wasiutyński's work. Apart from computing the figures for the Jewish population at a county level, Wasiutyński enumerated a full list of 177 cities and 131 hamlets with the corresponding numbers of the resident Jewish populations. The scheme he used to distinguish between urban and rural sites was derived from the tradition accepted by the Country Bureau of Statistics³⁸. Village communes were those whose administrative status were regulated by the communal law of 1866; urban sites included two cities with a separate statute (Cracow and Lviv), 30 cities enumerated by the law of 1889³⁹, and the towns whose status was regulated by the law of 1896⁴⁰. The new element in Wasiutyński's classification was the hamlets category which was built upon the division of localities employed by the 1921 census. Hamlets denoted sites that, along with village communes were subjugated to the law of 1866, but at the same time enjoyed historical town rights⁴¹.

The conceptual treatment of criteria which allow one to draw a distinction between rural and urban population is not free from ambiguities and it is not surprising that the administrative criterion accepted by Wasiutyński is far from

³⁸ Such a classification scheme was applied by Stanisław Kasznica in the article 'Skład wyznaniowy i zawodowy rad gminnych w Galicji w r. 1907', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 22/1 (1907), and Ignacy Weinfeld, 'Ludność miejska Galicji i jej skład wyznaniowy (1881-1910)', *Ibidem*, vol. 24/2 (1912). Tadeusz Piłat, the most renowned Galician statistician, used the mixed administrative-historical criterion, which included also urban sites possessing historical town rights. Tadeusz Piłat, 'Statystyka gmin i obszarów dworskich w Galicji', *Ibidem*, vol. 4 (1878).

³⁹ The law cited only twenty nine such places but Galician statistics used to include in this category Buczacz, which in 1880 counted already almost 10,000 inhabitants (9,970). Tadeusz Piłat, 'Obszar, zabudowania i ludność miast większych w Galicji dla których wydaną została ustawa gminna z d. 13. marca 1889 r., Nr. 24 Dz. U. Kr., z uwzględnieniem gmin dla których ta ustawa była pierwotnie projektowana', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 11/2 (1888/90), p. 4.

⁴⁰ In 1896 the law listed 131 such places; in the following years, some additional sites were granted a similar administrative statute (among them Borysław, Szczakowa, Nisko, Zakopane, Tustanowice). Stanisław Gruński, *Żydowska ludność w Galicji*, Lwów, 1911, p. 15. Therefore the total number for this category in Wasiutyński's work is 145.

⁴¹ The census of 1921 created this separate category through the analogy with the classification used by official statistics in the Polish lands under Russian rule. Bogdan Wasiutyński, *op. cit.*, p. 106.

being satisfactory. The problem had already been discerned by Galician statisticians; the author of the article in *Wiadomości Statystyczne o Stosunkach Krajowych* compared the percent of urban population calculated on the basis of four different criteria - economic, historical, administrative and numerical⁴². The critique of the administrative criterion as the sole basis for the distinction of urban population fully applies to Wasiutyński's study. The argument is rather uncomplicated - the communal laws classified as cities the sites which in fact had rural character and vice versa⁴³; a whole wealth of sites with an undoubtedly urban character were classified as village communes. A closer look at the numbers reveals the problem's scale - out of 177 cities listed by Wasiutyński, 11 did not exceed 2,000 inhabitants' threshold in the whole period between 1880 and 1910. 12 other places were well below this limit in at least one of the four censuses carried in these years. On the other hand, there were 65 hamlets which counted more than 2,000 inhabitants (out of which eight above 5,000) and, according to the administrative statute, were included in the village category⁴⁴.

The distortion appears substantial enough to bias an attempt at the analysis of the urbanization rate. The wide discrepancy in the percentage of urban

⁴² Zbigniew Pazdro, 'Zaludnienie gmin i obszarów dworskich według spisu z r. 1900', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 19/2 (1901/1903). According to the author in 1900, the share of urban population was 35 per cent (a numerical criterion including all the sites counting more than 2,000 population), 23 per cent (an economic criterion based on the percentage of population deriving its income from sources other than agricultural occupations), 21 per cent (a historical criterion) and 18 per cent (an administrative criterion). *Ibidem*, p. 92.

A special parliamentary commission which prepared the list of localities in order to grant them separate town statutes used one more criterion: the sum of direct (income) taxes paid by inhabitants. Tadeusz Piłat, *op. cit.*, p. 4.

⁴³ According to Bujak, in 1900 there were about 20 purely rural communes classified as cities only because their population, due to the commune's relatively large area, exceeded 5,000 inhabitants. Franciszek Bujak, *Galicya*, Lwów 1908, vol. 1, p. 63.

⁴⁴ In fact, in 1910, there were 21 settlements in Galicia with a population exceeding 5,000 inhabitants, which were classified as villages. Marcin Nadobnik, 'Materiały do reformy ordynacji wyborczej w Galicji', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 24/2 (1912). Unlike Nadobnik, who based his classification on communes, Wasiutyński took into account localities; therefore the number he arrived at was smaller.

As noted by Pazdro, the use of the administrative criterion alone leads to a remarkable underestimation of the size of urban population. It is so because changes in administrative statute of the sites do not catch up with the population development. Zbigniew Pazdro, *op. cit.*, p. 92.

population obtained by different criteria prompts the use of modified categorization based on the number of population. Our contention is that sites with a population of between 2,000 and 5,000 should be treated as towns, whereas places with a population above 5,000 may be considered cities. The acceptance of the figure of 2,000 inhabitants as the lower threshold defining an urban site seems to be justified by the level of economic development of Galicia and by the size of the average village commune which rarely surpassed this upper limit of 2,000 inhabitants. Places counting above 5,000 inhabitants have been categorised separately due to the fact that such was approximately the size of the average county seat. Hence, the 5,000 limit implied that a given place exercised administrative functions⁴⁵. In my view this solution, although still far from being ideal, has some important advantages⁴⁶. The first is that the title of the category

⁴⁵ The 2,000 and 5,000 categories were also applied in the Austrian censuses of 1869, 1880 and 1890; a 2,000 minimal limit for urban places is still to be found in French censuses. In the study of the Jewish population residing within the Pale of Settlement, Kahan specifies four types of urban sites: above 5,000, 10,000, 25,000 and 50,000 inhabitants. The list of specific centres designated officially as urban places is used only as a lower estimate of the urbanization of Jews. In a similar analysis, Rowland applies two other criteria: (1) urban centres included in the city category by the official census classification, (2) all sites numbering more than 500 inhabitants. The second criterion is used as indicative of the absence of Jews in rural sites; the 500 limit is employed because the Russian census of 1897 distinguished such a category of sites and enumerated its population. The other reason for the acceptance of the 2,000 limit (as opposed to the 5,000 threshold accepted by Kahan) is the difference in absolute size - only in the Pale of Settlement did the census list 365 cities with a population over 10,000. Therefore, the official designation of urban places may be also of use; the errors caused by improper classification would be much smaller relatively than in Galicia, numbering only a few larger cities. See, Arcadius Kahan, *Essays in Jewish Social and Economic History*, Chicago 1985; Richard Rowland, *op. cit.*; Idem, 'Spatial Patterns of Urban In-Migration in late Nineteenth Century Russia: A Factor Analytic Approach', in *Historical Geography Research Centres*, iss. 10, (1982).

Tomasz Gąsowski in his study of the urbanization of the Galician population, distinguished three categories of urban localities; those below 3,000, those between 3,000 and 10,000 and those above 10,000 population. It is hard to argue about the merits of given numerical limits; to a certain extent, the selection is always the matter of convention. We might assert however, that the lack of a lower limit for the specification of urban population results in a consistent distortion of the overall calculation. Gąsowski applied the numerical norm to the urban sites enumerated by the administrative criterion; Wasiutyński's register shows the whole set of cities whose population did not even exceed 1,000 in the investigated period. Tomasz Gąsowski, 'Urbanizacja Galicji w dobie autonomicznej', in *Studia Historyczne*, vol. 28/2 (1985).

⁴⁶ The application of rank-size distribution to the description of urban hierarchies suffers from two important limitations. First, it considers only population size and disregards other dimensions related to the importance of a city. Secondly, "distributions of city size at a point of time are difficult to relate to questions of urban growth of time, which are of primary concern to historical research". Paul M. Hohenberg, 'Urbanization and Population Dynamics in History', in *Journal of European Economic History*, vol. 16/1 (1987), p. 173. The criticism comprised in the first point may

specifies its content although some additional evidence is still needed to determine whether a site of 2,000 and 5,000 inhabitants makes an urban place or not. Besides, due to classifying the settlements in terms of distribution ranks, it is possible to investigate the pattern of growth of the Jewish communities on the assumption that a particular size was linked to certain economic functions.

A second advantage stems from the nature of the statistical data we have at our disposal. The fact that the selection is made from localities eliminates from large village communes from the consideration, and thus deals with the principal objection against the use of the numerical criterion⁴⁷. Wasiutyński based his list of settlements on administrative (cities) and historical (hamlets) criteria hence, by re-grouping his register, we would somehow take into account the results obtained by two other categorization schemes⁴⁸. The results of the calculation of the distribution of the Jewish and non-Jewish populations by settlement size according

be partially avoided through the examination of the proportion of Jews in the population of a given city. An established occupational distribution of Jews links this variable to another dimension of urban functions, that is to the professional composition of the city dwellers. Buzek observed that most of small towns of purely rural character in East Galicia is inhabited almost uniquely by Greek-Catholic population. Józef Buzek, 'Rozsiedlenie ludności Galicji według wyznania i języka', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 21/2, (1906/09), p. 43. The application alongside rank-size distribution of other measures of urbanization should be of help in dealing with the second objection.

⁴⁷ There is therefore there is quite a large discrepancy between my calculation for different categories of population settlements (based on sites) and the results published in the Austrian census of 1900 (based on communes). In 1900, there were 647 communes with a population above 2,000. According to the historical criterion only 214 could have been classified as cities whereas only 152 were cities from an administrative point of view. Zbigniew Pazdro, *op. cit.*, p. 92. Gąsowski asserts that the discrepancy between the administrative and numerical criterion was insignificant because most of the places with population above 5,000 were large village communes. Tomasz Gąsowski, *op. cit.*, p. 225. My calculations show that in 1910 the difference would regard the localities, accounting for a population of 213,000, which should be shifted to the category of urban dwellers; that is 15 per cent of total urban population in this year. The change concerns the residents of 65 localities with a population above 2,000 inhabitants and a high proportion of Jews; two features enabling us to qualify them as cities. However, Gąsowski disregards the other side of the problem, namely the inclusion of localities which besides town rights did not possess any urban functions into the group of urban sites.

⁴⁸ The application of this criterion to all communes leads to a substantial overestimation of the percentage of urban population (see footnote 11). Calculation based on the numerical criterion accepted in our study shows that in 1900, 24 per cent of the total Galician population lived in urban places, a figure considered by Pazdro as being the closest to the reality. Zbigniew Pazdro, *op. cit.*, p. 92.

to the Wasiutyński, and to the criteria applied in our classification, are summarized in the Tables 3 and 4. In order to allow for rounding, and to distribute more evenly the effect of the sites changing categories over time, the 5,000 threshold assumes 5 per cent tolerance.

Table 3.

Distribution of the Jewish Population by Size of Settlement. East and West Galicia 1880-1910.

		% of Jews living in:			
	Year	sites above 5,000 inhab.	sites 2,000 - 5,000 inhab.	villages	villages (Wasiut.)
West	1880	36.68	25.35	37.97	38.00
Galicia	1890	37.46	24.69	37.61	38.10
	1900	43.84	22.08	34.09	34.10
	1910	50.87	20.88	28.24	28.80
East	1880	42.45	26.63	30.92	40.50
Galicia	1890	43.72	23.95	32.33	41.60
	1900	47.15	21.26	31.59	41.70
	1910	52.83	18.26	28.92	39.40

The label in column 3, 'villages', signifies the population of manorial territories, village communes (notwithstanding the number of inhabitants) and the population of hamlets and cities numbering

less than 2,000 inhabitants⁴⁹. The label in column 4, 'villages Wasiut.', refers to the population of manorial territories and village communes; this category in Wasiutyński's work includes also the population of hamlets⁵⁰.

Table 4.

Distribution of the Non-Jewish Population by Size of Settlement. East and West Galicia 1880-1910.

% of non-Jews living in:				
	Year	sites above 5,000 inhab.	sites 2,000- 5,000 inhab.	villages
West	1880	6.73	5.17	88.10
Galicia	1890	7.52	4.85	87.63
	1900	9.21	4.14	86.65
	1910	12.66	3.76	83.58
East	1880	9.55	5.92	84.53
Galicia	1890	10.79	5.49	83.72
	1900	12.26	4.82	82.92
	1910	14.36	4.04	81.60

The figures based on the two different classifications are about the same for

⁴⁹ With respect to the population of hamlets, Wasiutyński's work yields figures only for two benchmark years; 1880 and 1900. Therefore the figures for 1890 and 1910 were calculated through the extrapolation of the growth rate between 1880 and 1910, which could have somewhat smoothed the changes in the population of this category of localities.

⁵⁰ Bogdan Wasiutyński, *op. cit.*, p. 109.

West Galicia, but there is a large discrepancy apparent in the calculation of the Jewish village population of East Galicia. This is due to the population of hamlets, which in East Galicia contributed to a substantial increase in both of the two categories of urban sites. With respect to West Galicia, the difference is almost imperceptible because there were only four hamlets that were classified as urban localities numbering between 2,000 and 5,000 inhabitants. The remaining 61 hamlets that were shifted out of the village category were located in the eastern part of the country. Wasiutynski disregards the significance of this group of sites because "hamlets do not play substantial role as centres of Jewish population" and "anyway many hamlets do not differ in their character from a village"⁵¹. The second statement might have been true in some instances, the first was not since by the different classification of the Jewish population residing in hamlets we arrive at a diverse picture of the urbanization process in two parts of the country.

Another phenomenon that is crudely reflected in Table 3 is the growth of the Jewish population in cities at the expense of the smaller towns. A similar tendency has been observed with respect to other countries⁵², but its significance for Galicia should not be overemphasised. In the period under investigation, some towns exceeded the 5,000 limit and were shifted into a higher category; thus the decrease in the percentage of the Jewish population living in small sites was more precipitous than in reality. It is a remarkable fact that in West Galicia the decline in the proportion of Jews living in small towns was remarkably more pronounced than in East Galicia, whereas no analogous difference is discernible with respect to the non-Jewish population. We will re-address this problem with the data collected for the calculation of the size of locality of residence of the median inhabitant.

⁵¹ *Ibidem*, pp. 143-144.

⁵² Kahan quotes some examples concerning the Jewish population in the nineteenth century Germany. The evidence for the Jews living in the Pale of Settlement is less manifest, but the preliminary tendency is maintained. Kahan attributes it primarily to the pattern of Jewish migration; first movement was from small town to larger city within the district or region. Arcadius Kahan, *op. cit.*, pp. 28-30 and 71.

The figures calculated by Wasiutyński for the Jewish rural population in Galicia portrayed the Jewish minority in Eastern Galicia as less urbanized and more backward than its counterpart in West Galicia; a common conviction shared by most of the Galician Jewish and non-Jewish economists and statisticians⁵³. However, in a country with a predominantly rural population some hypotheses concerning the character of rural localities should be made; the distinction between hamlets and villages changes the aforementioned traditionally accepted image. The rural character of the hamlets' population may be easily questioned by looking at the share of the Jews; in about 60 per cent of all hamlets in East Galicia they accounted for between 25 and 75 per cent of the total number of inhabitants. The professional composition of the Jewish group featured by the strong domination of commercial and artisanal occupations allows one to assign to these sites if not urban then at least market place status⁵⁴. The East Galician hamlets would function as a primary element of the widely branching agricultural market network. It is striking than that in West Galicia, the Jews made up more than one fourth of the total population only in 26 per cent of its much less numerous hamlets.

On the basis of thus established criteria for differentiation between urban and rural sites we may now calculate the rate of urbanization of the Jewish and non-Jewish populations. Two measures of urbanization will be applied: first, the

⁵³ According to the commonly accepted administrative criterion (see footnote 14), the percentage of Jewish urban population in West Galicia, for consecutive decades between 1880 and 1910, was 62, 61.9, 65.9 and 71.2 per cent respectively. For East Galicia, the corresponding figures are 59.5, 58.4, 58.3 and 60.6 per cent. Ignacy Weinfeld, *op. cit.*; Perl Locker, 'Die allgemeinen Gesetze der Assimilation und die Ostjuden', in *Der Jude*, vol. 1 (1916/1917), p. 518.

⁵⁴ The adoption of the share of the Jews as an indicator of the urban settlement has been argued by Gruński. Stanisław Gruński, *op. cit.*, p. 16. Weber identifies the city with a market place in which both the non-urban population and city dwellers satisfy their wants for articles of trade and commerce. The existence in the place of settlement of a regular rather than occasional exchange of goods establishes economic versatility which constitutes the city. Max Weber, *The City*, London 1958, pp. 66-67. As noted by Braudel the functioning of even the humblest market denotes the existence of division of labour. "There is no town without market and there are no national markets without towns (...) even the humblest town dweller must (...) obtain his food-supply through the market: the town in other words generalizes the market into a widespread phenomenon". Fernand Braudel, *The Structures of Everyday Life. The Limits of the Possible*, London 1981, pp. 479-481.

annual average change of the urban population; two, the size of locality of residence of the median inhabitant⁵⁵.

Table 5.

The Tempo of Urbanization Measured as the Annual Average Change of the Percent Urban under the Assumption of Exponential Change⁵⁶. The Jewish and Non-Jewish Populations in Galicia 1880-1910.

	East Galicia		West Galicia		Galicia	
Years >2,000	Jews	non- Jews	Jews	non- Jews	Jews	non- Jews
1881-90	-2.04	5.60	0.19	3.71	-1.48	5.19
1891-00	1.09	5.06	6.07	8.62	2.20	6.29
1901-10	3.92	8.04	8.84	23.15	5.07	12.72
>5000						
1881-90	2.99	12.98	2.13	11.90	2.92	12.81
1891-00	7.85	13.62	17.03	22.47	9.78	16.46
1901-10	12.05	17.13	16.04	37.46	12.92	23.26

Rows 1-3 are calculated under the assumption that the total population of cities and hamlets with more than 2 thousand inhabitants may be treated as urban population. In the rows 5-7 the urban population category includes only those cities and hamlets which numbered in the period under investigation more than 5,000 inhabitants.

⁵⁵ This index establishes the size of the locality where the median inhabitant lives. That is, if the population of a country is ordered according to the size of localities where people live and a rank is assigned to each inhabitant from number one to the total population number, the index represents the size of the locality occupying the fiftieth percentile. Eduardo Ariaga, 'Selected Measures of Urbanization', in Sydney Goldstein and David Sly (eds), *The Measurement of Urbanization and Projection of Urban Population*, Dolhain 1975, p. 25.

⁵⁶ For the construction of the index and a theoretical explanation of the exponential assumption of urban growth see, *Ibidem*, p. 25.

Table 6.

Settlement size of the Jewish Median Inhabitant.

Galicia 1880-1910.

Year	West	East	Galicia
	Galicia	Galicia	
1880	2949	3962	3677
1890	3024	4118	3832
1900	3260	4655	4344
1910	4779	5455	5295

The tables summarize two different phenomena. The first of them (Table 5) concerns the differing pace of urbanization of the Jewish and non-Jewish populations. The reasons for the declining dissimilarity index values in the urban population category become apparent hereby; the pace of the urbanization of the non-Jewish population was higher in the investigated period, which led to a drop in the Jewish over-representation in cities. What is not apparent is why this disparity in the urbanization pace occurred. A comparison with Russian Jews may be of help; Kahan found that for the Jews of the Pale of Settlement in the years 1897-1910, the difference was also in favour of non-Jewish ethnic groups: Poles, Russians and Ukrainians⁵⁷. One explanation is that Jewish population, already fairly urbanized, possessed smaller potential available for in-migration to cities. Therefore, in the Pale of Settlement, the share of Jews in total urban population decreased relatively. Table 7 demonstrates that a similar phenomenon took place in Galicia.

⁵⁷ Arcadius Kahan, *op. cit.*, p. 29.

Table 7.

The Jewish Population as a Percentage of the Total Population by Size of Settlement. East and West Galicia 1880-1910.

		Above 5,000	Above 2,000	Village	Total
West	1880	32.24	30.16	3.63	8.04
Galicia	1890	30.14	30.95	3.59	7.99
	1900	28.39	30.77	3.17	7.69
	1910	25.68	32.35	2.82	7.92
East	1880	40.82	41.62	5.38	13.47
Galicia	1890	38.94	41.01	5.72	13.59
	1900	36.20	39.67	5.32	12.85
	1910	34.13	38.85	4.75	12.35

The second factor was the origin of Jewish and non-Jewish emigration out of the country. Kahan set out three alternatives for Jewish migration from small towns; movement from the small town to a larger city within the district or the region, the move to a city in another region within the Pale, and migration abroad⁵⁸. It seems that these three options may be ordered an approximate time

⁵⁸ Arcadius Kahan, *op. cit.*, p. 28. A similar situation prevailed in Germany: most new urban Jews were transplanted small town German Jews. Jewish migration to American and West European cities had a different origin - the newcomers were mostly Jewish immigrants from abroad. Steven M. Lowenstein, *op. cit.*, p. 472. Rowland, on the basis of his analysis of internal migration in the Pale of Settlement, concluded by reaffirming the short distance nature of the flows of Jewish population inside Russia. Richard Rowland, 'Spatial Patterns of Urban In-Migration in late Nineteenth Century Russia: A Factor Analytic Approach', in *Historical Geography Research Series*, No 10, (July 1982), p. 18.

sequence, the first movement preceding the two other. Here are the origins of the already mentioned phenomenon of the increase in the share of Jews in the urban population of larger cities at the expense of the population of smaller towns. With respect to Galicia where, unlike in the Pale of Settlement, Jews were not restricted to urban areas, the choice of alternatives should be supplied by the migration from village to cities; the shrinking share in the 2,000 - 5,000 category in Table 7 suggests that a city was of rather large size. In any case, Jews migrated abroad chiefly from urban sites, so that the migration flow acted to decrease the share of Jews in the urban population. On the other hand, non-Jews who migrated abroad came almost uniquely from Galician villages and their departure did not result in diminishing share of non-Jews in the urban population.

Another interesting piece of evidence confirming the urban origin of Jewish emigration out of the country may be found in Marsha Rosenblit's work on the Jewish community in Vienna. One of the tables included in her study reveals the size of the hometown of Galician Jews migrating to Vienna.

Table 8.

Size of Hometown of Galician Jewish Fathers, Vienna 1869-1910.

No of inhab.	1869	1880	1890	1900	1910
under 500				2.0	3.5
500-1999		5.6		6.1	14.0
2000-9999	18.2	11.1	28.6	30.6	36.8
10000-99999	57.6	44.4	39.3	34.7	29.8
over 100000*	24.2	38.9	32.1	26.5	15.8

* For the reasons of consistency the category 'over 100,000' includes Cracow and Lviv, although the population of the former exceeded 100,000 only between 1900 and 1910.

Source: Marsha Rosenblit, 'A Note on Galician Jewish Migration to Vienna, in *Austrian History Yearbook*, vol. 17/18 (1983/84), p. 150.

In the course of 41 years (between 1869 and 1910), the share of Jews migrating from smaller towns increased two times, from 18.2 per cent to 36.8 percent. At the same time, the percentage of Jews emigrating from large and very large cities decreased in the same degree. As pointed out by Rosenblit, it is likely that the shift in the main source of Jewish migration corresponded to the change in the social composition of the migrants. According to this view, the movement from large cities encompassed chiefly entrepreneurial individuals with some capital assets, whereas the Jews from smaller cities migrated under the growing pressure of economic conditions. It is significant then, that it is only between 1890 and 1910 that among the Galician Jews in Vienna one may find some migrants from the countryside. We will return to this problem in our conclusions; here we only allude again to the issue of economic opportunities available to the Jews in the agrarian sector and the relatively late (when compared to the towns) increase in environmental pressure on the Jewish economics.

The other problem concerns the discrepancy in the pace of urbanization between the populations of East and West Galicia. The first observation is that the size of settlement occupied by the median inhabitant corroborates the validity of the categories applied to differentiate between urban and rural population. The median Jewish inhabitant in East Galicia lived in 1880 in a settlement of 3,500-4,500 inhabitants, while his compatriot in West Galicia resided in a locality numbering between 2,500 and 3,500 inhabitants. This difference was maintained until 1910 when both West and East Galician median Jews occupied a site of 4,500-6,000 inhabitants. Consequently, the conclusion is that, contrary to the assertions made by contemporary statisticians, the urbanization of Jews and non-Jews in East Galicia was more advanced than in the other part of the country.

The picture is different when we look at the tempo of urbanization. Irrespectively of whether it is calculated for the population of sites above 2,000 or above 5,000 inhabitants, the urbanization of Jews in West Galicia occurred at a much faster rate than for East Galician Jews. In the years 1880-1890, the value of the tempo of urbanization index calculated for the population of East Galician

localities numbering more than 2,000 dwellers has the value of -2.04. This negative index figure denotes the fact that the urban Jewish population in this period decreased not only in relative but also in *absolute* numbers. Since migration abroad accounted in this period for a net loss of only 13,089 Jews, even the assumption of its urban origin cannot explain such a low figure. On the contrary, the disparity with West Galicia acquires a more acute form because the net loss in its Jewish population due to migration abroad was proportionally much higher (23,571 persons).

Another possibility is the Jewish in-migration to East Galician villages from western districts, which could have increased the share of Jews in the rural population. The calculations done by contemporary statisticians show that indeed such a flow of population took place. According to the census, in 1890 there were 64,108 persons born in West Galicia and residing in the eastern counties⁵⁹. Approximately 50 per cent of this figure owes to the in-migration of Roman Catholics⁶⁰. Although it may be assumed that most of the remaining 50 per cent consisted of Jews, it is hard to believe that they settled uniquely in East Galician villages. In the initial period after migration, large cities with high shares of Jewish population (where a migrant could easily find some help from relatives or acquaintances) should have attracted Jewish migrants to a higher degree.

The negative value assumed by the index does not amount to the absence of population flows to urban sites. Available data show that Galician cities were featured by a high death rate⁶¹; without any in-migration the drop in the share

⁵⁹ Franciszek Morawski, 'Przesiedlanie się ludności z Galicji zachodniej do wschodniej', in *Wiadomości Krajowe o Stosunkach Statystycznych*, vol. 15/3 (1894), p. 44. The census was carried out on 31 December, 1890, therefore this value may be treated as minimal since it does not include seasonal migrants.

⁶⁰ Józef Buzek, 'Stosunki zawodowe i socjalne ludności w Galicji wg wyznania i języka na podstawie spisu ludności z 1900 r.', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/2, (1905), p. 202.

⁶¹ In the years 1901/1905 mortality in Galician cities oscillated between 22 and 32 pro mille. The death rate in Lviv, for example, was 25.4, in Cracow 30.1, in Tarnów 23.8 per thousand. The extreme case was Drohobycz, a famous oil city, where the death rate reached 30.8 per thousand.

of Jewish urban population would have probably been much higher. Moreover, Table 4 shows that the index calculated for East Galicia in the 1880-1890 period with respect to sites above 5,000 inhabitants assumes positive values; the drop in the urban population share concerned only the 2,000 - 5,000 category of sites where the factor of lower natural increase operated to a much lower degree. Thus the phenomenon of the belated urbanization of Jews consists of two components. First, a delayed and initially low flow of Jewish rural population to the cities. Second, the stagnation and decline of small urban sites with a high share of Jews.

The urbanization of non-Jews is characterised by the same trend as the urbanization of Jews; initially, the East Galician population was more urbanized but in the course of time the difference diminished due to the faster rate of urbanization of the West Galician population. The decline of small towns which accounted for the relatively greater share of the total urban population of East Galicia was of importance, but the general reason was, as occurred with the Jewish population, a lower degree of urban in-migration. In seeking for an explanation for the latter phenomenon one might discover different motivations underpinning the movement to the city with respect to Jews and non-Jews. In his study on the urbanization process in the Russian Empire, Rowland noted that the magnitude of in-migration to Jewish cities located in the Pale of Settlement was substantially lower in comparison to urban centres located in central and southern Russia. The explanation he advanced referred to the considerable overcrowding

The most representative for the Jewish population was probably the death rate index for Brody, the city with 75 per cent Jewish majority, which recorded 25.3 deaths per thousand. Karl Drexler, 'Geburten und Sterbefälle in den größeren Städten Österreichs 1901-1910', in *Statistische Monatsschrift*, vol. 19 (1913), Neue Folge, p. 136. Available data shows that the death rate among the Jewish urban population was substantially lower than among non-Jews; however, it was still well above the country average. In 1901, the average death rate among Galician Jews was 18.4 per thousand - in the same year, the death rate among the Jews in Cracow was 21.0, in Lviv 21.2 per thousand. The death rate among non-Jews was 29.4 per thousand in Lviv and 35.1 per thousand in Cracow. Since Cracow and Lviv were two cities with relatively better sanitary conditions, one might expect that Jewish death rates in other Galician cities were higher. The data come from Bernard Weinryb, *Die neueste Wirtschaftsgeschichte der Juden in Polen und Rußland*, New York 1972, pp. 425-426. One shall refrain, however, from formulating a straightforward conclusion concerning a worse socio-economic environment in the cities than in the countryside. The age structure of the Jewish urban population was skewed towards elder cohorts, especially in the period when the in-migration to cities stagnated. A higher proportion of the elder population accounted for a part of the difference in mortality rates.

stemming from restrictions on Jewish residence in rural areas. Jews in Galicia were not excluded from rural sites and they could consider moving to the city as an alternative, not as a compulsion. The city where Jewish urban dwellers accounted for more than half its total population definitely offered less incentives for in-migration to both Jews and non-Jews. Most East Galician cities were built upon commerce; thus the volume of urban in-migration was limited by the volume of commercial turnover⁶². Since Jews were not excluded from rural areas they could have preferred pursuing their rural occupations to strong competition in the urban milieu.

For an Ukrainian peasant, the situation was even more discouraging but for other reasons. The nature of in-migration to the commercial city is different from the most common pattern of urban migration to industrial centres, which can absorb migrants from the countryside as unskilled workers⁶³. Therefore, Ukrainian peasants were faced with very limited job occupations when compared to their working experience. Further, they had to settle in an entirely unfamiliar ethnic environment - the second ethnic group after Jews were Poles. Ukrainians quite often constituted only a small fraction of perhaps 5-10 per cent of the urban population, which implied proportionally smaller assistance to a new in-migrant⁶⁴. In this respect, the Polish peasant found himself in a better position

⁶² Rosenthal notes that "large cities fall into two categories, industrial and commercial, and it is mainly to the latter where the Jews were attracted (in Germany)". Erich Rosenthal, 'Trends of the Jewish Population in Germany 1910-1939', in *Jewish Social Studies*, vol. 6 (1944), p. 238. The only substantial exception was the city of Przemyśl where the Austrian government deployed a large military garrison and where a large part of the Jewish population was employed in the services sector. The most spectacular example of a purely commercial city was Brody, once a dynamically developing urban centre owing its prosperity to the privilege of free trade between the Russian and Austrian Empires. In 1880, Brody became the third largest city in Galicia with a Jewish majority of 76 per cent. The withdrawal of the free trade privilege caused immediate stagnation and the decline of the city - over next 30 years the Jewish and non-Jewish population of the city had decreased by about 15 per cent.

⁶³ Drohobycz and Boryslaw, two centres of the Galician oil industry, were the only sites in East Galicia that can be included in the category of industrial cities.

⁶⁴ To explain the impeded rural-to-urban flow of other than Jewish ethnic groups to Jewish cities, Rowland unnecessarily brings up the term anti-Semitism by stating that Poles, Ukrainians and Belorussians were motivated "by the apparent reluctance (...) to come into close association with a different ethnic group, reflecting that anti-Semitism was frequently high among the non-

since the share of Jews in West Galician cities was about 10 per cent smaller, whereas the remaining part of the urban population was made up by Poles. Nevertheless, urban in-migrants of either nationality were handicapped in respect to the Jews. Apart from the fact that the commercial experience inherent to the Jewish economic heritage made the Jews much more suitable for urban economics, they could make use of widely distributed family networks, providing them with information on economic opportunities and with some economic assistance in new undertakings.

Another way to demonstrate the disparity in the size of urban in-migration of the Jewish and non-Jewish populations in West Galicia (when compared to their counterparts residing in East Galicia) is to compare the distribution of the rural population. Table 9 shows the widening disparity in the percentage of rural Jews and non-Jews residing in two Galician provinces.

Jewish peoples of the surrounding countryside". Rowland shares his conviction with Hugh Seton-Watson, whom he actually is quoting. In my view, however, although one could find some evidence pointing to the rural roots of anti-Semitism in the Russian Empire, this example is totally misleading. It is enough to resort to concepts like the working experience of in-migrants, ethnic solidarity and limited job opportunities; the involvement of anti-Semitism is rather confusing. Richard Rowland, *op. cit.*, p. 20; Hugh Seton-Watson, *The Russian Empire 1801-1917*, Oxford 1967, pp. 493-494.

Table 9.

Distribution of Rural Jewish and Non-Jewish populations between East and West Galicia 1880-1910.

		% of total		Aver. No of Jews per	
	Year	non-Jewish	Jewish	Village commune	Manor area
		village population			
West	1880	37.80	28.69	20.67	8.72
Galicia	1890	37.24	26.70	21.88	8.46
	1900	36.49	25.12	23.05	5.99
	1910	35.19	24.03	22.46	
East	1880	62.20	71.31	33.64	13.49
Galicia	1890	62.76	73.30	38.94	15.55
	1900	63.51	74.88	42.04	14.74
	1910	64.81	75.97	41.86	

The distribution of Jews and non-Jews by the size of settlement may serve also as a basis for the calculation of the dissimilarity index for different populations groups. Each group of Jews and non-Jews residing in villages, towns with 2,000 to 5,000 inhabitants and in urban sites counting above 5,000 inhabitants is treated as 100 per cent. Accordingly, for each county the percentage of the Jews and non-Jews living in the corresponding category of localities is calculated. We arrive at the value of the dissimilarity index for three different sizes of settlement through the summation of the positive results, analogously as

it has been done in order to count the value of the index for the total Jewish and non-Jewish populations. The application of the dissimilarity index to different categories of population may offer us a better insight into the changes in the settlement pattern of Jews over different localities. It should grasp the differences in the distribution of Jewish and non-Jewish populations in those counties where the Jews settled almost uniquely in towns and were surrounded by overwhelmingly non-Jewish rural populations. In the calculation of the dissimilarity index for the total county population such counties are undistinguishable from those in which the Jews settled evenly across the whole county's area. One may attempt, furthermore, to find more evidence for the tendency towards greater concentration within the Jewish group. Any middleman group prefers to abandon some regions and to concentrate in others under the economic and political pressure of the broader society. Such concentration activates economic gains stemming from ethnic solidarity to which the minority group would not have to resort to under normal conditions. In this context, the more balanced distribution of the Jewish population in East Galicia may also denote the functioning of the Jewish economics in a relatively unthreatened environment. The issue here is how to distinguish this tendency toward concentration from the conventional process of urbanization initiated by a collection of various push and pull factors. Before we proceed with the dissimilarity index we can make use of the data displaying this process with respect to the distribution of the Jewish population in village communes only.

Table 10.

The Concentration of the Jewish Population in Village Communes.
Galicia, 1880-1900.

Year	West Galicia		East Galicia		Galicia	
	Number of village communes in which lived					
	no Jews	>100 Jews	no Jews	> 100 Jews	no Jews	> 100 Jews
1880	524	34	165	124	689	158
1890	574	44	329	174	903	218
1900	685	54	271	207	956	261

Source: Stanisław Gruński, *Materiały do kwestii żydowskiej*, Lwów 1910, p. 21.

West Galicia's surface area comprised about 40 per cent of the total Galician territory, notwithstanding whether it is measured in the number of village communes or number of square kilometres. Yet it comprised 76, 64 and 72 per cent (in 1880, 1890 and 1900 respectively) of the total number of village communes in which no Jews lived. Obviously, the figures cited here are only a more exact formulation of the fact that in comparison to the territory in West Galicia, there dwelled an unproportionally small share of the Jewish population. It is possible to show however, leaving aside the absolute size of rural Jewish population, that Jews in the west Galician countryside settled more unevenly than in the villages situated in the eastern part of the country.

Table 11.

The Dissimilarity Index between the Jewish and Non-Jewish Population by Size of Settlement Place. Galicia, 1880-1910.

		Sites counting		
	Year	above 5,000 inhabit.	above 2,000 inhabit.	Village sites
West Galicia	1880	24.94	39.23	20.08
	1890	18.91	43.30	21.21
	1900	18.82	38.33	23.42
	1910	21.78	39.07	16.68
East Galicia	1880	28.73	20.04	10.94
	1890	26.00	20.88	9.65
	1900	23.39	19.75	10.86
	1910	20.96	20.45	13.98
Galicia	1880	30.27	29.58	15.57
	1890	27.17	26.34	15.78
	1900	24.84	23.77	16.82
	1910	22.90	22.03	18.72

The changes in the index value for the whole of Galicia reflect the impact of urban in-migration of both the Jewish and non-Jewish populations. The advance of urbanization among Poles and Ukrainians led to a relative decline in the Jewish presence in cities, which in turn reduced the dissimilarity index values. On the other hand, the out-migration of Jews from rural communes (however retarded)

resulted in the abandonment of some districts and a more varied distribution of the remaining Jews in the other ones. A comparison between East and West Galicia points out to two categories of population where the flows of the Jewish and non-Jewish populations acquired a different character. In either case the discrepancy bears similar indications; that the value of the index for the rural population and for the population of sites between 2,000 and 5,000 inhabitants is about two times higher in the western part of the province. Table 11 specifies the findings summarized in Table 1 and clearly confirms the assertion that Jewish economic activities in East Galicia was of a more middleman-like character than in West Galicia.

These two categories - small market towns and rural sites - are of the greatest significance for detecting the nexus of dependencies between agricultural production and the Jewish economics. Upon the assumption that small towns with a high percentage of Jewish population constituted the primary element of the agricultural market, the very high value of the dissimilarity index calculated for this category of sites in West Galicia is particularly striking. Such results denote the existence of some towns where Jews were almost completely removed from their intermediary functions along with sites grouping an unproportionally high percentage of the Jewish urban population. We may refer here once again to Lestschinsky's argument for the Jewish proclivity towards 'Kompaktheit'. In the language of middleman minority theories, this tendency constitutes a necessary precondition for the activation of the economic gains stemming from ethnic solidarity; in order to make use of co-ethnic business networks there must exist certain concentrations of co-ethnic population. It is particularly so when the economy is dominated by small local markets requiring the supply of intermediary services at a very low level.

Since it is likely that spatial variations of urban in-migration of Jews were strongly associated with spatial variations in economic activity and job opportunities, another hypothesis is that in some districts economic activities accessible to Jews were seriously limited. Still, from this evidence we cannot infer which of the two hypotheses advanced in this chapter and concerning the uneven

distribution of the Jewish population in Galicia is more plausible.

Another observation concerns the drop in the dissimilarity index for rural sites in West Galicia in 1910. One possible explanation that springs to mind is the dramatic acceleration in the process of urbanization of the non-Jewish population. The in-migration of non-Jews to the cities had to outnumber the rival population flow of Jews; moreover it had to come from districts with a relatively greater proportion of the non-Jewish population. Non-Jews migrated from the counties already abandoned by Jews; had it been the counties with a relatively greater percentage of Jews then the index would have assumed higher values, because the disparities in the distribution of the two populations would widen instead of narrowing. Such timing of migration seems logical - the highest incentives for movement to the city existed in the poorest regions and the Jews, who were bound to the place of residence to a lesser degree than the peasant family, were the first to react to them. Contemporary observers also noted the opposite process; the migration of Jews to the village communes located in mountainous districts until then settled by Jews to a very little degree⁶⁵. It is not clear from what sort of localities this flow of the Jewish population stemmed, but it is reasonable to assume that the migrants were also rural Jews; if so, the result might have been more equal distribution of West Galician Jews.

In the first part of the chapter two alternative hypotheses addressing the problem of greater concentration of Jewish population in East Galicia have been specified. The first of them links the greater preponderance of Jewish middleman services in the rural economy to the greater relative volume of agricultural production in East Galicia; the second hypothesis traces the origin of this phenomenon to the more advanced modernization of the Polish peasantry in West Galicia. Without the analysis of the set of variables correlated with the geographic settlement pattern of the two populations, one cannot yet conclude which of them is more plausible. The main finding of this section is the hard evidence for the

⁶⁵ Józef Buzek, *op. cit.* p. 34.

retarded urbanization of the Galician Jewish population, a phenomenon more prolonged in time in East than in West Galicia. In fact it is very likely that until the 1880s we witnessed the opposite, that is a higher increase in the number of Jews living in the countryside than in urban localities. According to some historical sources, at the beginning of the nineteenth century only 25 per cent of Jews lived in villages, a figure significantly smaller than in the period under investigation⁶⁶. The increase in the share of the Jewish population residing in the countryside could have occurred not only due to the disparity in the natural increase rate, but also due to Jewish out-migration from small towns. Available statistical data does not allow us to prove the validity of this assumption until the census of 1880; we may refer here only to historical accounts. In his analysis of peasant correspondence to *Batkiushchina*, an Ukrainian nationalistic newspaper, Himka found many complaints about a massive influx of Jews into Ukrainian villages⁶⁷. Some correspondents reported villages in which some years earlier no Jews lived, but which by then were settled by dozens of Jewish families⁶⁸. Similar observations are found in the reports sent out by the local Galician administration in response to a governmental survey of the economic situation of the Galician peasantry carried out in the years 1878-1879⁶⁹.

⁶⁶ Artur Eisenbach, *Emancypacja Żydów na ziemiach polskich 1785-1870 na tle europejskim*, Warszawa 1989, p. 218; T. Mencil, *Galicja zachodnia 1795-1809*, Lublin 1976, p. 58.

⁶⁷ The source consisted of 281 items of correspondence sent to *Batkiushchina* in the years 1884 and 1885. Out of that, 107 items (40 per cent) referred to the Jews; only one mentioned them in a positive context. Most of the authors of this correspondence were local activists of the Ukrainian national movement. John-Paul Himka, 'Ukrainian-Jewish Antagonism in Galicia', in Josef Potichnyj and Howard Aster (eds), *Ukrainian-Jewish Relations in Historical Perspective*, Edmonton 1988.

⁶⁸ We refer here only to some of items of correspondence quoted by Himka. One correspondent noted that in the village of Perehinsko there were only two Jewish families in the 1840s, but by 1885 the village had seven hundred Jews. According to an article published in *Batkiushchina* in 1879, there had been only one Jewish family in Cherniiv village in 1848. Within the next thirty years several dozens of Jewish families moved in. *Ibidem*, p. 118 and 125.

⁶⁹ One of the questions included in the survey concerned the increase in non-peasant (presumably Jewish) population in villages. The overwhelming majority of county reports described the dramatic influx of Jews into the countryside. According to these statements, Jews frequently rented and purchased land holdings. Julian Kleczyński, 'Stosunki włościan w Galicji na podstawie materiałów zebranych w drodze ankiety przeprowadzonej przez Wydział Krajowy w latach 1878 i 1879', in *Wiadomości Krajowe o Stosunkach Statystycznych*, vol. 7/1 (1881), p. 19.

The Encyclopedia of the Ukraine states that "Jews in rural areas represented a sizable

Yet another dummy evidence is the influx of Jewish capital into ownership and leasing of tabular land. The Austrian survey of industry and agriculture carried out in 1902 shows that the Jews held 54 per cent of total leases of tabular land in Galicia⁷⁰. Table 12 demonstrates that Jewish capital assets were located also directly in the ownership of the tabular property. Unfortunately, there is no comparable data on the Jewish ownership of rustical land. Some evidence may be found in Styś' study of the pattern of land ownership in a sample of twenty Galician villages. The area of land owned by the Jews there grew from 24 hectares in 1850 to 190 hectares in 1883, the latter figure constituting more than one per cent of the total land area. At the same time, the size of peasant property slightly decreased. The region investigated by Styś had a relatively low concentration of Jews and we may expect that in East Galicia the proportion of rustical land remaining in Jewish hands might have been higher. As noted in the study, most of the land holdings were sequestrated by the Jews in the form of compensation for debts. What is worthnoting is not only the dynamics of the growth in the proportion of Jewish property between 1850 and 1883 (we may assume that in fact the growth started after the law of 1868), but also the fact that in the next decades the acreage of Jewish land ceased to increase; in 1931 its area was 203.9 hectares⁷¹. Styś does not specify whether the Jews tilled the land themselves; most of the contemporary observations underline the fact that the Jews usually leased the land to peasants.

portion of Galicia's Jewish population, and they were an anomaly in comparison to Jewish demographic patterns elsewhere". Entry 'Jews', in *Encyclopedia of Ukraine*, vol. 1, Toronto 1991, p. 387.

⁷⁰ 38.3 per cent in West Galicia and 58 per cent in East Galicia. Franciszek Morawski, 'Dzierżawy w obrębie własności tabularnej w Galicji', in *Wiadomości Krajowe o Stosunkach Statystycznych*, vol. 15/2, p. 19 and 22.

⁷¹ Wincenty Styś, *Współzależność rozwoju rodziny chłopskiej i jej gospodarstwa*, Wrocław 1959, pp. 13-15.

Table 12.

Jewish Owners of Tabular Land. East Galicia and West Galicia 1889, 1902 and 1912.

	Year	Total area (in 1,000 ha)	Area owned by Jews	Area owned by Jews in %
	1889	2,227	341	13
Galicia	1902	2,084	302	13
	1912	1,789	342	16
	1889	1,583	284	15
East Galicia	1902	1,507	249	14 ⁷²
	1912	1,292	301	19
	1889	644	56	8
West Galicia	1902	577	53	8
	1912	498	41	8

Source: 1889 and 1902 - *Podręcznik Statystyki Galicji*, vol. 3 and 7; 1912 - Stanisław Pawłowski, *Wielka własność w Galicji wschodniej*, Lwów 1921, p. 7.

The movement of Jewish population into the Galician countryside might have started somewhere in the 1860s and, due to the lax attitude of the Galician authorities, might have preceded by some years the date of formal emancipation. It seems reasonable to link it to the influx of Jewish capital assets into the Galician agrarian sector, and to the Jewish role in mediating economic transactions in the countryside. At the same time, however, it is necessary to

⁷² In 1901, three of the largest Jewish estates were sold which explains the decrease in the size of Jewish tabular property. Stanisław Gruński, *op. cit.*, p. 28.

emphasise the fact that the low value of the dissimilarity index between the distribution of the Jewish and non-Jewish population implies a low level of complexity in middleman services. By this we mean that these services were supplied at the scale of local, relatively isolated markets. Economic exchange was dominated by small town, which is typical of pre-industrial rather than modern patterns of production and distribution. The acceleration in the Jewish population flow from the countryside to the urban milieu recorded in the first decade of the twentieth century would be the first sign of the creation of a large scale country market.

From another perspective, one need not necessarily term such concepts backwardness or underdevelopment in order to explain the shift in Jewish settlement in Galicia. It is sufficient to say that the emancipation opened to the Jews new economic opportunities in the agrarian sector at the very moment when urbanization had not yet turned them into an overwhelmingly urban population. In most European societies, civil and legal emancipation found the Jews already accommodated to the economics of the urban environment. The only exception were the Jews of Alsace, the only region in France where emancipation found a sizable Jewish population living in the countryside⁷³. The reaction of the Alsatian Jews was the immediate influx into the rural financial and agrarian product markets⁷⁴. This was a rational response to the new economic opportunities created by the emancipation act and one can expect that the changes in the Jewish economics in Galicia were of a somewhat similar nature.

⁷³ Alsatian Jews could not live in Colmar (the capital) and Strasbourg and were spread throughout the villages - no community contained as many as 500 Jews. Zosa Szajkowski, *Jews and the French Revolution of 1789, 1830 and 1848*, New York 1970, pp. 51-54.

⁷⁴ Paula E. Hyman, 'The Social Context of Assimilation: Village Jews and City Jews in Alsace', in Jonathan Frankel and Steven J. Zipperstein (eds), *Assimilation and Community. The Jews in Nineteenth Century Europe*, Cambridge 1992, p. 113. As a consequence, in 1806 and 1808 Napoleon introduced two decrees which subjected all the Jews in the Empire to a series of restrictions on Jewish emancipation scheduled to last ten years. Napoleon's decrees stemmed directly from the rapid increase in peasants' indebtedness to Alsatian Jews. Stuart Woolf, 'French Civilization and Ethnicity in the Napoleonic Empire', in *Past and Present*, vol. 124 (1989), pp. 117-118.

What were the implications of this particular urbanization pattern of Galician Jews with respect to social and economic transformations associated with modernization? The general contention is that in the case of East European Jewry, the significance of mutual links between urbanization and modernization should not be overestimated. Two factors have been combined within such an observation. Firstly, the differentiation between rural and urban Jews does not rest upon a clearcut division, as it is in the case of non-Jewish populations. Traditional terminology terms rural those the people who are engaged in the production of primary products from the soil, while those who are engaged in transporting, manufacturing, buying and selling of the agrarian (and other) products would be referred to as city dwellers⁷⁵. According to this separation, the movement from the village to the city entailed deep social, economic and cultural change affecting the life of the migrant. For the Jews, as well as other middlemen groups, the distinction between living in the framework of an urban or rural economy is blurred: in both they were engaged in non-agricultural occupations and tended to discharge a similar function as that of intermediaries. It is the nature of the product they dealt with, or the social composition of lenders, that changed - the essence of economic activities still remained similar.

The other factor which weakened the eroding influence of urbanization on traditional life patterns is the fact that the control of the Jewish community was also able to be exercised effectively in the urban environment. Almost every Galician town had an established Jewish community within whose religious and social jurisdiction a new migrant was settling. Jewish residential segregation helped them to conserve the power of their communal authorities not only in small towns of a predominantly Jewish character, but even in the great capitals of East-Central Europe. Similarly, the family character of the Jewish migration (see Chapter 2) diminished the effect of the breakdown of control exercised by the family over resources. For a peasant migrating to the city, the opposite was true: the movement signified a complete departure from the supervision of the local community and of the extended family. The urbanization of Galician Jewry

⁷⁵ M. Aurousseau, 'The Distribution of Population: A Constructive Problem', in *The Geographical Review*, vol. 11 (1921), p. 568.

provides one more example of differences between East and West European Jewish communities in their response to modernization. In Western Europe, population movements drew large numbers of Jews into new urban communities, where only a small number of Jews had lived previously and where the implications of the Jewish migration were analogous to that of others - migration meant a segregation of family members and a release from the social constraints of traditional village society⁷⁶.

That said, we do not disassociate ourselves completely from viewing the importance of the links between urbanization and migration on one hand and modernization of Jewish communities on the other. Without a doubt, the environment of Cracow and Lviv offered more incentives towards assimilation for a Jewish migrant from a small village or town; this, in Jewish history, is the favourite theme associated with modernization. With respect to the analysis of the ethnic conflict and of developments in the Galician agrarian sector, however, another process seems to be of greater importance. In the specific context of the Galician economy, the prolonged existence of niches available to Jewish intermediary services in the rural economy let them retain the position of middlemen acting within the space separating the rural producer from the market. Since it was primarily economic characteristics to which Polish and Ukrainian anti-Jewish feelings referred to, and since it was the period in which nationalistic ideology permeated even the peasants masses, anti-Semitism firmly established itself as a component of national ideology. Therefore, unlike in the West, where its modern version was born in the urban milieu, in Galicia anti-Semitism was shaped by economic interests, and the social and cultural constitution of the peasant.

⁷⁶ Calvin Goldscheider and Alan S. Zuckerman, *The Transformation of the Jews*, Chicago/London 1984, p. 53 and 232.

4. Rural Credit Market

Chapter 4 contains an analysis of the rural credit market in Galicia. The demonstration of the potential available to ethnic conflict between the Jews and the peasantry constitutes a primary, but not a unique aim of this section of our work. Alongside the functioning of Jewish money lenders we investigate capital formation in Galician agriculture and the role played in this process by both, Jewish lenders and peasant credit cooperatives. Finally, by focusing on economic activities of Jewish tradesmen advancing loans to the peasantry, we have also attempted to determine the workings of the mechanism of exchange linking the peasant to market forces.

To answer the question why the rural credit market was endowed with the greatest potential for ethnic conflict we shall turn to the legal situation of the Galician Jewry.

Jewish emancipation in Austria took the form of a long lasting gradual process, and was not achieved by a single act of law but by a whole set of legal regulations¹. For our purpose however, it is sufficient to set out the consequences of the December patent of 21 December, 1867, which completed the protracted process of the liberation of the Jews from their feudal subjugation². From the

¹ Eisenbach distinguished three different models of Jewish emancipation: [i] the American, characterised by the lack of any distinct laws regarding the status of Jews (similarly to the rest of the population they were subject to the American constitution of 1776) [ii] the French, where the emancipation of the Jews was granted by one single act of law enacted by the parliament after the French Revolution [iii] the East - Central European, where Jewish emancipation was accomplished through a series of gradual changes in the legal system. Artur Eisenbach, 'Emancypacja Żydów na ziemiach polskich w 19 w. na europejskim tle porównawczym', in *Przegląd Historyczny*, vol. 74/4 (1983), pp. 615-627; Idem, *Emancypacja Żydów na ziemiach polskich 1785-1870 na tle europejskim*, Warszawa 1983.

² The first act of law concerning Jewish emancipation was the Tolerance Patent issued by Joseph II in 1782 (enforced in Galicia by two separate patents of 1785 and 1789). Although the Patent was conceived of as a means of fostering Jewish assimilation and directed against the preservation of the Jewish identity, it simultaneously abolished the array of taxes and regulations burdening Jewish communities and Jewish economic activities. The next act of law which is regarded as a step toward Jewish emancipation was the March Constitution of 1849 which

point of view of Jewish economic activities the winning of equal civil rights meant:

1. The elimination of legal restrictions on the ownership of land property.

A governor's decree of 29 March, 1793 prohibited Jews from purchasing and holding tabular estates³. Since this legal proclamation did not acknowledge the peasant's right to sell his holding or to divide it among heirs, Jews could own no land in either form⁴. The March constitution of 1849 granted the Jews unlimited

declared that civil rights in Austria did not depend on confession. Two years later, however, on 31 December, 1851, the Emperor's patent revoked the constitution. Since it was not clear whether the patent restored former restrictions on Jewish civil rights, provincial authorities and courts issued contradictory resolutions, depending on whether they were based on the liberal laws of 1848-49, or whether they resorted to the old restrictive jurisdiction. The most confusing matter was Jewish property rights; therefore, on the 2 October, 1853, the Emperor decided to enforce temporarily pre-revolutionary rulings in this respect. Although the decree concerned only Jewish property rights, it was understood as the full restoration of the former status of the Jewish population, and it was so interpreted by Austrian authorities. In Galicia, the only permanent achievement which remained after the Spring of Peoples was Jewish representation in commercial chambers and in the municipal self-government of some Galician cities. The issue of Jewish emancipation came to the fore again in 1859, after the Austrian military defeat in Italy. In the following years the government gradually removed most anti-Jewish legal regulations. Jews were allowed to reside in the countryside, the right to acquire land estates was granted on the basis of educational status and barriers prohibiting the Jews from working certain crafts were eliminated. The protracted process of emancipation was completed by the constitution of 21 December, 1867, which let the Austrian Jews enjoy full civil rights. On the issue of Jewish emancipation in Austria and Galicia, see Paul Bernard, 'Joseph II and the Jews: the Origins of the Tolerance Patent of 1782', in *Austrian History Yearbook*, vol. 4/5 (1968/69), pp. 101-119; Filip Friedman, 'Dzieje Żydów w Galicji 1772-1914', in Ignacy Schiper, Arie Tartakower and Ignacy Haffka (eds), *Żydzi w Polsce Odrodzonej: działalność społeczna, gospodarcza, oświatowa i kulturalna*, Warszawa 1932-33, vol. 1, pp. 382-392; Artur Eisenbach, *op. cit.*, pp. 437-442; Majer Bałaban, *Dzieje Żydów w Galicji i Rzeczypospolitej Krakowskiej 1772-1868*, Lwów 1916, p. 192.

³ Majer Bałaban, *Historia Żydów w Krakowie*, vol. 2, p. 565. 'Tabular lands' were the lands belonging to the former manor lands and were formally registered as such in special land registers (*tabula krajowa*). 'Rustical' lands, prior to 1848, were the lands occupied and worked for their own use by peasants in return for compulsory labour performed for the lord of the manor. In 1848 these lands passed into the possession of the peasants in return for redemption payments. For fuller explanations see Denis Vnenchak, 'Kategoryzacja własności ziemskiej w Galicji w dobie autonomicznej w świetle państwowych i krajowych urzędowych statystyk agrarnych', in *Studia Historyczne*, vol. 27/3 (1984), p. 440. In reality there were numerous cases of long term leasing manor lands long before the emancipation. At the end of the eighteenth century some contracts even included the clause conveying seigneurial prerogatives into the hands of Jewish holders. Jakub Goldberg, 'Władza dominialna Żydów - arendarzy dóbr ziemskich nad chłopami w XVII-XVIII wieku', in *Przegląd Historyczny*, vol. 81/1-2 (1990), pp. 190-198.

⁴ The exception to this rule was made for the Josephinian push to 'productivization' of the Jewish population through agricultural colonization. The decrees of 7 May, 1789 and 8 March, 1805 allowed the Jews to purchase land holdings under the condition that they would not derive any additional income from 'unproductive' occupations (like innkeeping or money lending). Every Jewish commune in Galicia had been ordered to settle a certain number of Jewish families on the land. The whole venture, however, due to a lack of consistent economic policy and the resistance of the Galician Jewry, did not meet with any substantial success. Filip Friedman, 'Dzieje Żydów

rights to purchase and own real estate but on 2 October, 1853 the Emperor restored former restrictions on the Jewish rights of possessing. In 1859, the implications of the Italian defeat forced the Austrian government to change its anti-Jewish course and to revoke the decree of 1853; the ownership rights, however, were granted only to those Jews who finished lower secondary schools⁵. Finally, the December patent of 1867 abolished all the remaining restrictions and ordered the provincial diets to adjust countries' legal systems to the federal legislation. This was done in Galicia by an enactment of the Galician Diet on 1 November, 1868, which permitted the division of rural land holdings and full commercialisation of landed property⁶. As a result, Jews were allowed to own all types of real property.

2. Alongside the law conferring the right of the peasant to divide and sell his land, the Galician Diet cancelled a ceiling interest rate in credit transactions and penal sanctions against usury⁷. In fact the first step toward the reform of the credit market was taken on 25 September, 1846. On that day the Austrian governor in Galicia issued a decree invalidating certain resolutions of the Josephinian patents of 1784 and 1789. In particular, the decree allowed certain categories of peasant to mortgage their property to the limit of two thirds of its

w Galicji 1772-1914', in Ignacy Schiper, Arie Tartakower and Ignacy Hafftko (eds), *op. cit.*, Warszawa 1932-33, vol. 1, p. 382; Ignacy Schiper, 'Żydzi w rolnictwie na terenie Małopolski, in *Ibidem.*, p. 424.

⁵ Filip Friedman, 'Kolonizacja i własność ziemską Żydów galicyjskich w połowie XIX w.', in *Yunger Historiker*, vol. 2 (1929), pp. 27-29 (Polish summary of the Yiddish text).

⁶ The law also invalidated a personal obligation to cultivate owned land and permit ownership of more than one rustical holding at the same time. The issue of land inheritance, as a judicial matter, was regulated by the Reichstag which on 27 June, 1868 removed separate legislative regulations concerning the inheritance of rustical property. Krystyna Sójka-Zielińska, *Prawne problemy podziału gruntów chłopskich w Galicji na tle austriackiego ustawodawstwa prawnego*, Warszawa 1966, p. 59; Tadeusz Piłat, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w latach 1880-1883 włącznie z poglądem na lata dawniejsze począwszy od r. 1873', in *Wiadomości Krajowe o Stosunkach Statystycznych*, vol. 8/2 (1883/84), p. 139.

⁷ By two separate acts of law, of 14 December, 1866 and 14 June, 1868, which annulled any corresponding resolutions of the civil and penal codes. Tadeusz Piłat, *op. cit.*, p. 139. The issue of credit and the division of peasant land was regulated by the Josephinian patents of 1784 and 1789. Further, the patent of 1803 banned any forms of usury in the Monarchy. Paul Bernard, *op. cit.*, p.; Krystyna Sójka-Zielińska, *op. cit.*, p. 49.

value (the former limit was a mere 5 crowns)⁸. The absence of mortgage books and the injunction against charging interest on private loans, however, deprived the decree of any practical implications for the rural credit market.

The cessation of the laws restricting credit transactions and the commercialisation of landed property was achieved under the influence of liberal ideology. Liberal politicians perceived the Josephinian laws as contradictory to the bourgeois freedom of entrepreneurship, and as an obstacle on the road to the modernization of Austrian society. Consequently, they held that the changes introduced in 1868 completed the process initiated with the abolishment of serfdom in 1848. Conservatives argued that the decrees were enacted with no connection to a particular social order and that in fact they were aimed at the protection of the peasant⁹.

The years following the political victory of the liberals armed the adherents of conservative orientation with arguments for the re-introduction of the Josephinian restrictions. Changes in the pattern of landownership and in farming methods, in combination with an increase in the volume of inheritance payments, brought about growing demand for liquid capital which could not be met by the existing credit institutions. Provincial authorities were alarming Vienna regarding the aggravated financial condition of the peasantry. In the following years, the indebtedness of the Austrian peasant became one of the most often disputed issues among Austrian politicians and economists. Conservative politicians linked it to the liberal reforms of 1868 and came to regard excessive land fragmentation as the principal cause of the crisis. In accordance with this point of view the Taaffe conservative cabinet, which came to power in 1879, withdrew from the non-interventionist practices of its liberal predecessors and initiated more active agricultural policies. In 1881, the Reichsrat passed a law against usury and in

⁸ *Ibidem*, p. 49.

⁹ The limits imposed on the interest rate and on the quantity of credit available to peasants were conceived of in the Josephinian era as a means of protecting the peasantry from indebtedness. Together with the prohibition of the division of peasant holdings they constituted a part of the physiocrats' policies. For more extensive treatment of the political debate on the law of 1868, see *Ibidem*, pp. 59-68.

1889 some limitations regarding the division of land among heirs were imposed.

New policies of the federal government were preceded by a series of extensive statistical surveys on agriculture¹⁰. Similar research, together with consultation between members of parliamentary bodies and statistical institutions, was carried out in Galicia¹¹. The prevailing opinion was that the Galician peasantry turned out to be in the worst position relatively in the Monarchy. Austrian and Galician economists advanced two reasons backing up this assertion. Firstly, the fragmentation of land was much more advanced than elsewhere¹². Most Galician economists pointed to different inheritance customs, the preference of a physical division of the inheritance to various forms of compensation payments practised in other provinces of the Monarchy. The combination of overpopulation, discernible in Galicia already in the 1860s, with the economic underdevelopment of the country were put forward as the other causes of land fragmentation. Conservatives concluded on these grounds that the impoverishment of the peasantry stemmed mainly from the unlimited land circulation, from a situation in which law equalled land to money capital. Consequently, they argued for the reintroduction of restrictions on land sale and division as a remedy for the crisis.

Liberals saw the root of the evil in the non-existence of the credit network and regarded land fragmentation as the outcome, not as the cause of the crisis. The sparse banking institutions operating in Galicia dealt almost uniquely with

¹⁰ The first survey on the extent of land division carried out in 1880 was of a very limited scale. A second survey concerning the reforms to inheritance law (dated 24 December, 1881) became a basis for a governmental project on this matter. C. Chorinsky, *Stand der Gesetzgebung und die Kontroverse bezüglich des bauerlichen Erbrechts. Verhandlungen der am 28 und 29 September 1894 in Wien abgehaltenen Generalversammlung des Vereins für Sozialpolitik*, Leipzig 1895, p. 76.

¹¹ The results of the survey were published in Julian Kleczyński and K. Hempel, 'Ekonomiczne stosunki w Galicji (na podstawie materiałów zebranych w drodze ankiety przeprowadzonej przez Wydział Krajowy w latach 1877 i 1878)', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 7/1 and vol. 7/2 (1881/82).

¹² According to the cadaster, the number of holdings between 1857 and 1895 increased by 35 per cent. At the same time, the area of average holding diminished by 62.7 per cent. Zofia Daszyńska - Golińska, *Własność rolna w Galicji*, Warszawa 1902, p. 16.

mortgage loans for large landowners and were not interested in granting short or middle term credits to peasants. Moreover, until the 1890s, peasant properties did not possess mortgage books and therefore could not serve as a collateral for regular banking mortgage credit¹³. It was not until the late 1870s that some credit institutions started to circumvent difficulties raised by lack of collateral through the notarial pawning of land holdings (instead of registration in the mortgage book) and through the issuing of pawn notes¹⁴.

In the 1880s, the reform of the rural financial market became the cornerstone of the economic programme advocated by Austrian politicians and economists. Proposed changes included two different strategies. Firstly, public and cooperative lenders would replace private mortgage creditors. It was hoped that public mortgage creditors could exercise effective control over the flow of mortgage credit (radical projects even opted for the overall abolition of mortgage credit), which would enable them to prevent peasants from careless mortgaging of their property. As a second step, the reformers proposed the modification of the very principles of mortgage indebtedness. This solution drew on the idea of the American homestead exemption laws, popular at that time in Europe. Roughly speaking, it assumed either the exclusion of all peasant property from auctioning for debts, or the creation of family farms which could not serve as a security for loans¹⁵.

Prolonged debates between Austrian liberals and conservatives resulted in 1893 in the governmental project that envisaged the creation of a new form of land

¹³ The law of 1874 regulated the issue of mortgage books for peasant property, but the process of estimation of their mortgage value lasted until 1896. Jan Rutkowski, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji zarządzane w latach 1910-1912 z uwzględnieniem lat dawniejszych', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 25/1, p. 2.

¹⁴ Tadeusz Piłat, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji zarządzane w latach 1867 i 1868 tudzież 1873 i 1874', in *Ibidem*, vol. 2/2 (1875), p. 45; Rubin Kellmann, *Die landlichen Kreditverhältnisse im ehemaligen Galizien und heutigen Polen*, Saalfeld, no date (ca 1935), p. 46-47.

¹⁵ Krystyna Sójka-Zielińska, *op. cit.*, pp. 144-147.

ownership, so called 'rented land holdings'. The Galician Country Diet was the only provincial parliament that passed the new law some years later, in 1905, but it was never more than putatively enacted¹⁶. In the 1870s and 1880s the Galician authorities confined changes to the enjoining banks with respect to granting financial loans to credit cooperatives. The second positive innovation was the creation of the *Bank Włościanski* (The Rural Bank) designed for credit services for peasants. Finally, in 1879, Galician deputies convinced the Reichstag to enact a special law against usury in Galicia and Bukovina.

The lifting of legal barriers impeding Jewish economic activity coincided with a slow shift nudging Galician society toward the market economy. How could it affect the economics of the Jewish minority? The general conviction is that all minority groups, especially beleaguered ones, benefit particularly from free markets, and that the gains are likely to be more substantial for groups of a middleman profile¹⁷. From this point of view, the economic activity of middleman minorities in the changing economic environment is characterized by two trends. Firstly, such groups will tend to enter growing sectors in the host economy because of expected profits, and because the competition with the resident majority is likely to be of a less conflictual character¹⁸. Secondly, they will

¹⁶ *Ibidem*, pp. 174-175. The idea of rented land holdings (*włości rentowe*) based the price of land holding on the full cash rent including interest rates, costs of amortization of the rent capital and administrative costs. The law provided the creation of country associations of farmers who would purchase peasant holdings auctioned for debts and sell them again to peasants. The ownership rights of the new owner would be significantly limited; he could not sell his property or take any credits without the consent of the association. *Ibidem*, pp. 155-156.

¹⁷ Milton Friedman, 'Capitalism and the Jews', in W. Block, G. Brennan and K. Elzinga (eds), *Morality of the Market: Religious and Economic Perspectives*, Vancouver 1985, p. 403; Arcadius Kahan, 'The Modern Period', in Nachum Gross (ed), *Economic History of the Jews*, New York 1975, p. 83. In the case of Jewish minorities, the benefits of the free market seem to be additionally related to the fact that the Jewish religion promotes economic organization based upon free entry. Aaron Levine, 'Comment', in W. Block, G. Brennan and K. Elzinga (eds), *op. cit.*, p. 420; Walter Block, 'Jewish Economics in the Light of Maimonides', in *International Journal of Social Economics*, vol. 17 (1989), p. 67.

¹⁸ Simon Kuznets, 'Economic Structure and Life of the Jews', in Louis Finkelstein (ed.), *The Jews, Their History, Culture and Religion*, 3rd edition, New York 1960, p. 1605.

attempt at creating opportunities unnoticed by the resident majority¹⁹. A middleman minority may monopolize profits in a new branch of the economy not only because the native society does not perceive it. In a feudal society, the nobility may simply dismiss some economic opportunities since it regards certain occupations as being below its status²⁰. At the other end of society the peasantry, accustomed to the Jewish dominance in commerce and credit, does not consider itself a potential competitor in a new sector. Thus the middleman minority fills the status (and economic) gap between two portions of society which are not bridged by continuous, intermediate degrees of status²¹. As long as this bipolar organization of society prevails and the status gap is filled by a third party, the economic context of ethnic conflict may be vague and one should pay more attention to cultural and social factors. In other words, in any society composed of ethnically heterogeneous units, economic conflict is latent only if these sections are economically complementary²². Any type of functional differentiation in the

¹⁹ *Ibidem*, p. 1601. Some middleman minorities are said to be willing to take risk and open up new industries and that they are economically creative. Edna Bonacich and John Modell, *The Economic Basis of Ethnic Solidarity. Small Business in the Japanese American Community*, Berkeley/Los Angeles/London 1980, pp. 17-18. The literature abounds in examples of new economic niches created by Jews in the economies of broader societies; we will limit ourselves to three of them. The first is the case of the Amsterdam Jews who entered the sugar plantation business in Brazil, Surinam and West India. Arcadius Kahan, 'Early Modern Period', in Nachum Gross (ed), *Economic History of the Jews*, New York 1975, p. 58. The second example is the ladies' garment industry developed by Jewish immigrants in the economy of nineteenth century London. The enterprising image of the Jewish immigrants may be partly attributed to difficulties in entering already established industries due trade union control, lack of native education, sabbath observance or the apprenticeship system. G. Alderman, 'Jews in the Economy of London (1850-1914)', in *Ethnic Minority Groups and Economic Development (1850-1940), Papers for 10th International Economic History Congress in Leuven*, Leuven 1991. Perhaps the most spectacular case of the Jewish entrepreneurship is the American film industry. All the greatest movie companies in the USA (Paramount, Warner Bros, Metro-Goldwyn-Mayer, Universal, Columbia) were created by Jewish immigrants. J. Klinow, 'Żydzi w przemyśle filmowym', in *Jidiszer wisnshaftlecher Institut*, vol. 6, *Ekonomisze Szryftn*, vol. 2, Wilno 1932.

²⁰ Sheldon Stryker, 'Social Structure and Prejudice', in *Social Problems*, vol. 5 (1957), p. 342.

²¹ Irwin D. Rinder, 'Strangers in the Land: Social Relations in the Status Gap', in *Social Problems*, vol. 6 (1958), p. 254. The society may use a 'stranger' group for trade, rent collecting and other middleman activities since they are unlikely to be politically dangerous. Although such groups may amass considerable wealth they can be still preserved as outsiders, disenfranchised and heavily taxed into the bargain. Edna Bonacich and John Modell, *op. cit.*, p. 25.

²² Stanislaw Andreski, 'An Economic Interpretation of Antisemitism in Eastern Europe', in *Jewish Journal of Sociology*, vol. 5 (1963), p. 209.

thus constructed entity entails the economic overlap of the insofar separated ethnic economies. In such a situation complementarity is replaced by competition and the economic tenet of the conflict comes to the fore²³.

The annulment of the restrictions on credit services, a traditional domain of middleman minorities, allows us to expect that the financial market was the first to be seized by the Jews after 1868. It was also the sphere of a potential conflict - in preindustrial societies, social antagonism was centred around contacts between debtors and creditors. When social cleavage overlaps with ethnic categories, the conflict acquires a more vehement form²⁴.

The influx of Jews into the financial market could have been checked in two ways. On one hand, the preponderance of Jewish commercial capital may have been endangered by the public institutions granting credits to peasants. It is likely then that some Jews would try to reorganize somehow their financial services or to shift their capital to other sectors of the economy. The other way of checking the Jewish influx draws on the fact that the peasantry, in the typical of Eastern Europe course of emancipation, joined nationalist movements through the network of rural institutions dealing with credit and with the marketing of agricultural production. Credit associations, often grounded upon mutual help rather than commercial principles, could have competed effectively with Jewish money lenders. The Jewish share in finances was likely to decrease not only due to the rise of new competitors, but also because decreasing returns might have driven Jewish capital into more profitable branches. Thus, it should be possible to elucidate the inverse relation between the changes in the share of Jewish money lenders in the rural credit market and the development of peasant credit associations and public

²³ It is possible to draw a comparison between this argument and the observation made by Hobsbawm on the current surge of nationalism directed against foreign labour in Western Europe. Hobsbawm stated that the reason for this situation is the fact that: "...the social mechanisms which assigned each (ethnic) group different and non-competitive niches are eroding..". Eric J. Hobsbawm, 'Ethnicity and Nationalism in Europe', in *Anthropology Today*, vol. 8/1 (1992), p. 7. Thus, it may be said that one of the elements of transition from feudalism to capitalism was the disintegration of social mechanisms attributing non-competitive niches to different ethnic groups residing taking part in the feudal economy.

²⁴ Werner J. Cahnman, 'Socio-economic Causes of Antisemitism', in *Social Problems*, vol. 6 (1958), p. 24.

financial institutions.

However, one should be careful when ascribing a straightforward character to the relationship between formal and informal credit sources²⁵. It is unlikely that formal credit institutions can entirely substitute private money lenders. The lesson learned in the agrarian economies of developing countries is that official or formal lending complements but clearly does not supersede informal sources²⁶. The real issue with regard to the credit market is the completeness of its structure. The theoretical expectation is that the formal component of the rural credit market specializes in production loans, whereas the informal segment specializes in consumption loans²⁷. In accordance with this demarcation, the growing share of formal organizations in the credit market should be viewed rather as the development of a different form of lending. Nevertheless, the wider access to the formal sources of credit is likely to lower the interest rate charged by private money lenders and to decrease their profits.

The main evidence for the declining financial condition of the peasant economy has been derived from the data on indebted rural property put to auction. According to Austrian civil law, the announcement of auctions was published in

²⁵ The rural financial market is composed of several distinct submarkets: a formal and various segments of informal sector. Lenders in the formal sector are credit institutions managed or regulated by the government, whereas informal credit sources include professional moneylenders, relatives and friends, traders and landlords. S. Yadav, K. Otsuka and C. C. David, 'Segmentation in Rural Financial Markets: the Case of Nepal', in *World Development*, vol. 20/3 (1992), p. 423. The advantages of informal lending stem from the small capital engaged, a short processing time, better screening and strong enforcement. Avishay Braverman and J. Luis Guasch, 'The Theory of Rural Credit Markets', in *Discussion Paper, Economics*, University of San Diego 1990, p. 6.

²⁶ Avishay Braverman and J. L. Guasch, 'Rural Credit Markets and Institutions in Developing Countries: Lessons for Policy Analysis from Practice and Modern Theory', in *World Development*, vol. 14/10-11 (1986), p. 1257. In most developing countries, the share of informal credit in total agricultural finance is still very high, often more than 50 per cent. Philippe Egger, 'Banking for the rural poor: Lessons from some innovative savings and credit schemes', in *International Labour Review*, vol. 125/4 (1986), p. 448. The most important of favourable features inherent to informal lending is that it has been part of the rural economy for centuries. Through long experience, informal lenders have adapted their systems to rural conditions and culture. F. J. A. Bouman, R. Houtman, 'Pawnbroking as an Instrument of Rural Banking in the Third World', in *Economic Development and Cultural Change*, vol. 37/1 (1988), p. 69.

²⁷ S. Yadav, K. Otsuka and C. C. David, *op. cit.*, p. 424.

the official supplement to the governmental journal *Gazeta Lwowska*. A typical edict contained information concerning the name of the debtor, the name of the creditor on whose demand the property was auctioned off (either an institution or a private person), the debt's size and the location of the auction sale. From 1873, *Krajowe Biuro Statystyczne* (the Crowland Statistical Bureau in Galicia) collected this data and published them periodically in *Wiadomości Krajowe o Stosunkach Statystycznych*. Though the number of auctions was slender when compared to the total number of land holdings, statisticians have asserted that it may be treated as a plausible index for the financial burden on the peasantry. The argument was twofold. On the one hand, the peasant would resort to any means to escape the auction forcing him to sell the land under its market value. Therefore, for one auction there falls a much greater number of forced land sales²⁸. Typically, the peasant is unwilling to trade all his land due to the disparity that occurs between a high personal valuation of land placed by the petty producer on his assets and their market value²⁹. Thus, he is likely to prefer to sell only a part of his land to avoid the situation which would reduce him to the mass of landless labourers. Those cases of land sale that took place before the commencement of the auctioning procedure cannot be observed statistically. Some data exists for those cases in which the procedure was begun but not concluded with either the auction's announcement or with its execution. Between 1900 and 1910, on average of 2,288 auctions were executed; the annual number of auction procedures was more than six times higher (18,574)³⁰. Clearly, the most probable cause of halting

²⁸ Tadeusz Piłat, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji w latach 1867 i 1868, tudzież 1873 i 1874', in *Wiadomości Krajowe o Stosunkach Statystycznych*, vol. 1/2 (1875), p. 46.

²⁹ Amit Bhaduri, *The Economic Structure of Backward Agriculture*, London/New York 1983, p. 71. Economic analysis of contemporary backward agriculture specifies two possible reasons that make the peasant abstain from the sale of his land. The first motivation is that land prices in his estimation do not fully compensate him for the very high risks he takes in parting with such a secure asset. In the absence of fully fledged financial markets, the transactions costs of investing the sales proceeds in alternative ventures are also too high. The second possible reason is the disparity between the side benefits of landownership in terms of social status, and the credit collateral of the owner and land prices on the market. Pranab K. Bardhan, *Land, Labor and Rural Poverty. Essays in Development Economics*, New York, p. 95.

³⁰ Jan Rutkowski, *op. cit.*, p. 1.

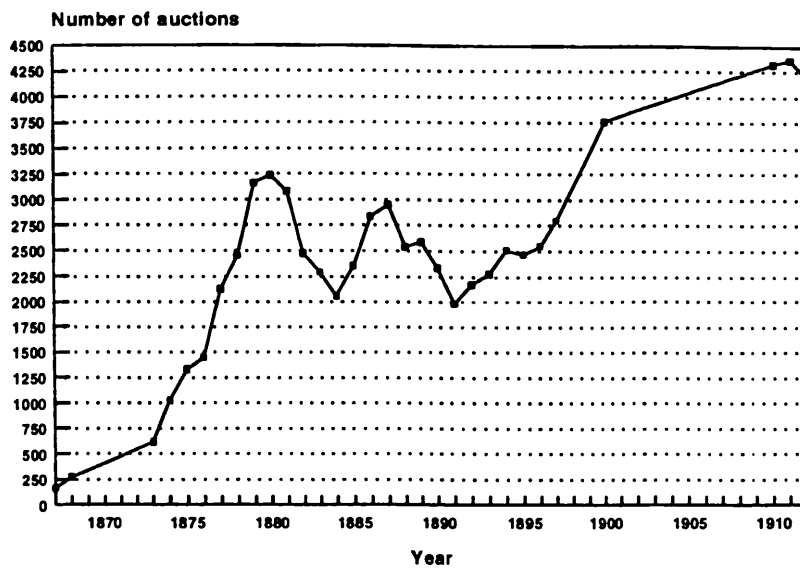
the auctioning process was the sale of the land, or its part, in order to forfeit the pledge from the creditor.

The other aspect referred to the fact that in numerous instances, peasant property was auctioned off for debts that did not exceed 50 crowns³¹. Galician economists maintained that when a peasant could not meet such a low debt, the main cause of the default must have been extreme constraints on the financial liquidity of his holding stemming from shortcomings in credit availability.

Although both contentions seem to be founded upon the financial aspect of the peasant economy, perhaps we shall formulate them in a slightly different way. In essence, the reasons standing behind the financial collapse of the peasant holding can be numerous, and it is not easy to separate the issue of the rural credit market from other factors inherent to agricultural production. In our case, due to the nature of the data collected by Galician statisticians, we can relate the volume of the auctioned peasant property to the proportional share of distinct submarkets in the overall structure of the rural financial market. This in turn, should bring some insights into such questions as general availability of credit, the conditions under which the loans were offered and spacial distribution of principal creditors. Moreover, the participation of informal Jewish money lenders may be approached from a double perspective, not only as a mere reflection of their position in the rural financial market but also as a phenomenon intrinsically linked to the dominant type of economic transactions. This contention is prompted by evidence from a backward agricultural set-up, which shows that in rural financial markets dominated by informal lenders, credit transactions are often combined with labour, land and agricultural product markets. I refer here only briefly to the issue of interlinked agricultural markets, since we shall examine it more thoroughly in the ensuing section of the chapter.

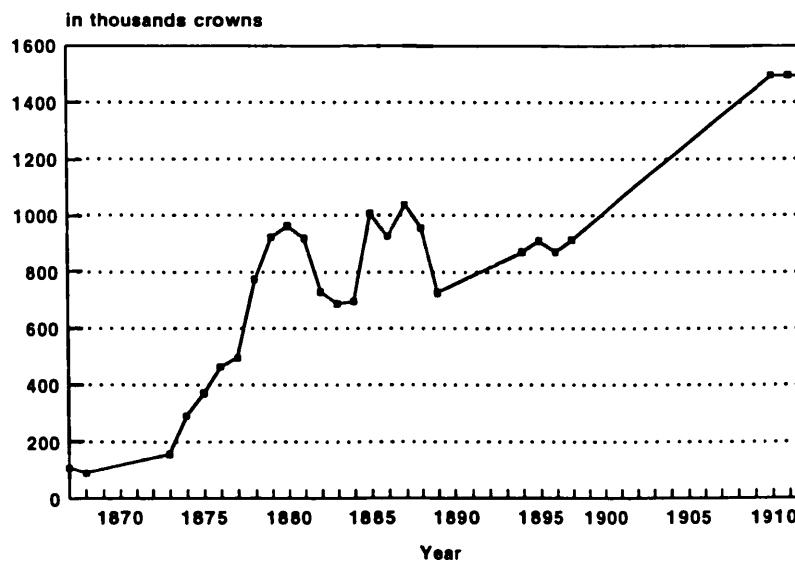
³¹ Between 1895 and 1897, for example, 30.7 per cent of the total number of auctions were executed for debts less or equal to such a sum. Krzysztof Jasiński, 'Licytacje sądowe posiadłości włościańskiej i małomiejskiej w Galicji od r. 1895-1897', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 17/2 (1898), p. 12.

Auctions on peasant land Galicia 1867-1912

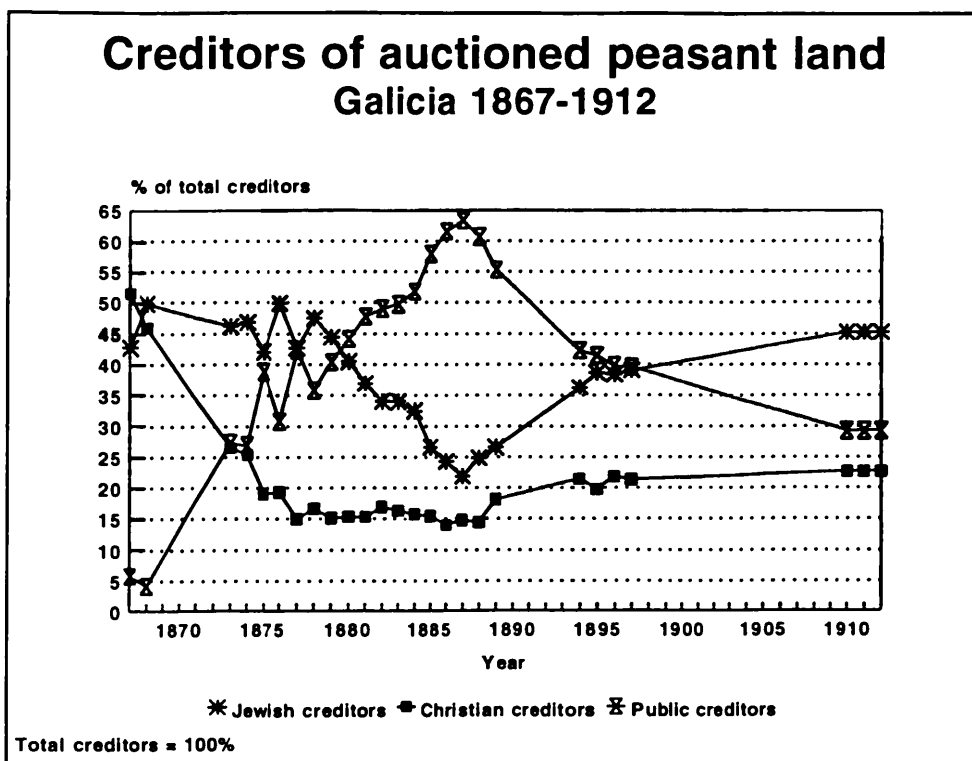


Graph 1.

Debts on auctioned peasant property Galicia 1873-1897



Graph 2.



Graph 3.

Source: Tadeusz Pilat, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji zarządzane w latach 1867 i 1868, tudzież 1873 i 1874', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 1/2 (1875); Idem, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji w latach 1875-1879', in *Ibidem*, vol. 6/1; Idem, 'Licytacje sądowe posiadłości włościańskich i małomiejskich zarządzane w latach 1880-1883, włącznie z poglądem na lata dawniejsze począwszy od r. 1873', in *Ibidem*, vol. 8/2 (1883/84); Franciszek Stefczyk, 'Licytacje sądowe posiadłości włościańskich i małomiejskich zarządzane w latach 1885-1889', in *Ekonomista Polski*, vol. 19 (1894), pp. 142-190; Tadeusz Zajączkowski, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji zarządzane w r. 1894 wraz z treściwym poglądem na lata poprzednie', in *Ibidem*, vol. 16/1; Krzysztof Jasiński, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji od r. 1895-1897', in *Ibidem*, vol. 17/2; Jan Rutkowski, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji zarządzane w latach 1910-1912, z uwzględnieniem lat dawniejszych', in *Ibidem*, vol. 25/1. After 1897, the publications of the Crownland Statistical Bureau ceased to include the data on the number of auctions due to the reform of the statistics in the Austrian judicial system. After this reform the data included much more detailed information on auctions, but at the level of circuit courts, which made them incomparable with earlier data. Therefore, in 1912 the Crownland Statistical Bureau collected the statistics for 1910-1912 years according to the procedure applied in the initial period.

For analytical purposes, we will divide the variations in the number of auctions displayed in Graph 1 into three distinct phases and discuss them separately. The first phase, lasting from 1867 until 1880, is characterised by a

rapid increase in the volume of auctioned property. In the second period, approximately between 1880 and 1895, the number of auctions decreases and stabilizes between 2 and 2.5 thousand per annum. Finally, in the last 15-17 years preceding World War I, the number of auctions rises again and, as far as may be judged from the three year long series, tends to stabilize at 4 - 4.5 thousand. Graph 2 is presented here to demonstrate the direct relationship between the number of auctions and the value of the auctioned land holdings. Hence, for the analysis of this trend in the following section of the chapter, we will employ the number of auctions as indicative of both the volume and the value of the auctioned property.

1. 1867-1880.

Graph 3, which presents the composition of the creditors of the auctioned property, enables us to relate the shape of the curve shown in Graphs 1 and 2 to the relevant changes in the structure of the rural financial market. Given the fact that legislative restrictions on the credit market were removed in 1866 and 1868, it is rather surprising to find that in 1867 there were already 164 peasant holdings auctioned for debts (and 271 in 1868). It seems that, due to the lax attitude of the Galician authorities and the unclear position of the Austrian government on the issue of Jewish emancipation, private money lenders started their operations somewhat earlier. Consequently, until 1876 the majority of auctions were executed on behalf of informal creditors, among whom the Jews played the dominant part. Christian money lenders, who in 1867 held a share equal to that of the Jews, were swiftly pushed out by more mobile and entrepreneurial Jewish capital. In this period, which immediately followed the enforcement of the laws of 1866 and 1868, the Jews established their dominant position in the rural financial market. The increase in the number of auctions may be also traced in terms of their spacial spread across Galician territory; in 1867, the courts ordered auctions in 130 communes, and ten years later auctioned

property belonging to peasants in 1,209 communes³².

Other than the shortcomings in besetting of formal creditors, another factor which facilitated the influx of the Jews into loan transactions was the already mentioned non-existence of peasant mortgage books. The literature on developing countries considers such a situation, in which land titles are ill-defined or non-existent and cannot serve as security on a loan, as favouring the strong position of informal lenders in the rural financial market³³. The ability of the local money lender to bypass difficulties arising from the lack of collateral acceptable for formal credit institutions is to a large extent due to better assessment of creditworthiness, better screening techniques and the frequent practice of interlinking credit contracts with other input or output products³⁴. The last phenomenon is known as interlocked or interlinked agrarian markets and denotes the existence of credit contracts, which tie the loan to land, labour and agricultural product markets. The widespread occurrence of such contracts has far reaching consequences for economic change in the agrarian sector; since in this chapter the focus is on credit, we will confine our analysis to the rural financial market and to the adjustments in the land market through auctions on indebted peasant holdings.

In Galician agriculture we may find a particular combination of elements which allow us to anticipate that the concept of interlocked agricultural markets

³² Tadeusz Piłat, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji zarządzane w latach 1867 i 1868, tudzież 1873 i 1874', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 1/2 (1875), p. 47; Idem, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w Galicji zarządzane w latach 1880-1883 włącznie z poglądem na lata dawniejsze poczynawszy od r. 1873', in *Ibidem*, vol. 8 (1883/84), p. 141.

³³ Arthur Bottomley, 'Monopoly Profit as a Determinant of Interest Rates in Underdeveloped Rural Areas', in *Oxford Economic Papers*, vol. 16/4 (1964), p. 433. It should be kept in mind that even when the problem of land titles is non-existing, the main beneficiaries of the mortgage credit system are large units. Jeremy Adelman, 'Agricultural Credit in the Province of Buenos Aires', in *Journal of Latin American Studies*, vol. 22 (1990), p. 81.

³⁴ Avishay Braverman and J. L. Guasch, *op. cit.* p. 1257. Since informal lenders are usually located in the environment of the borrower they can also minimize transaction costs and the costs of acquiring information. F. J. A. Bouman and R. Houtman, *op. cit.*, p. 75.

is the appropriate approach to the situation at hand. The nature of the transitional period following the abolition of serfdom implies a shift to a monetary economy and the subsequent commercialization of agriculture. In Galicia, this process coincided with the existence of a Jewish ethnic group predisposed to engage in the intermediation of economic arrangements. The members of this group, as we have seen in the preceding chapter, settled in the majority of Galician localities and therefore could have controlled the major part of economic transactions carried out in the agrarian sector. Thus, it seems reasonable to assume that in the first years following the abolition of restrictions on Jewish economic activities, most credit operations took the form of interlinked contracts³⁵. Contemporary economic literature and the reports of local authorities abound in descriptions of such transactions. The most frequent link was to the agricultural product market: many loans were carried out in kind, especially in grain, particularly in the spring before sowing and in the months preceding harvests. In some cases it was money debt, or the interest, that was paid off in kind. Quite often the loan contract was concluded on the basis of the labour input; the debtor had to work off the debt on the plot of the creditor. This form of debt payment was sometimes combined with the temporary rent of land on the part of the debtor to the creditor. Yet another form of paying the loan, which merged the elements of credit, labour and product markets, was the tending and feeding of the creditor's young livestock³⁶. The probability of the widespread existence of

³⁵ The concept of linking the loan to non-money payments was not a novelty in Jewish moneylending. Rabbinic law since in the Middle Ages recognized the creditor's right to collect a part of revenues (crops or rents) from the mortgaged property to reduce the loan itself. Salo W. Baron, *Economic and Religious History of the Jews*, New York/London 1967, vol. 12, p. 190.

³⁶ Leopold Caro, 'Lichwa na wsi w Galicji w l. 1875-1891', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 14/2 (1893), pp. 14-15; Idem, *Studia społeczne*, Kraków 1908, pp. 279-280. Similar examples may be found in Himka's analysis of peasant letters to one of the East Galician newspapers. John P. Himka, *Galician Villagers and the Ukrainian National Movement*, pp. 163-166. See also, Ilya Vydanovych, *Istoriya ukrains'koho kooperatyvnoho rukhu*, New York 1964, p. 78; O. Oleskiv, *Evolutsia selianskikh gospodarstv v vshidni Halychyny 1848-95*, n.d.; M. Zubrickiy, 'Maientkovi stan selian u Mshanci starosambirskoho povitu v r. 1910', in *Studii z polia suspilnykh nauk i statystyky*, vol. 3, Lwów 1912; 'Czy dzielenie ziemi jest przyczyna ubóstwa ziemian w Galicji', *kwestyonariusz Komitetu Towarzystwa Rolniczego Krakowskiego* edited by Kazimierz Lange, Kraków 1892, p. 63; Franciszek Bujak, *Limanowa, miasteczko powiatowe w Zach. Galicji. Stan społeczny i gospodarczy*, Kraków 1902; Idem, *Maszkienice, wieś powiatu brzeskiego*, Kraków 1914. A monograph on the Alsatian Jewry gives similar examples of widespread practices of leasing cows for a certain time (*chaptel*). Zosa Szajkowski, *Napoleon and anti-Jewish decrees*,

interlinked contracts stems also from the fact that in such a case usury laws are difficult to be administered effectively. It should be noted, however, that all this is offered tentatively, in the absence of systematic, quantitative research on the overall proportion of interlinked contracts in the total commercial and financial turnover of Galician agriculture.

Galician statisticians processing the data on auctions interpreted the dramatic increase in their number as synonymous with the spread of usury. The term carries a negative connotation often attributed to the members of middleman minorities³⁷, and is typically understood as the charging of an excessively high interest rate imposed on private loans³⁸. Traditional economic literature asserts

New York 1951, p. 45.

³⁷ Involvement in usury constitutes a part of more general phenomenon of middleman minorities; engagement in 'morally questionable' industries. For examples of such ethnic industries see, Ivan Light, 'The Ethnic Vice District, 1890-1944', in *American Sociological Review*, vol. 42 (1977), pp. 464-468. Usury, liquor trade and pawnbroking occupy important position in the economic activity of some middleman minorities due to the combination of their stranger's status, economic creativity and the disdain of non-Jewish societies for certain marginal areas of economy. In the case of the East European Jewish communities, the interest for money handling was reinforced by the great emphasis laid on money as a means of high social attainment. A rich terminology existed in reference to money possession; presents and rewards to children were given mostly in the form of money. The reason was not only sheer material benefits but the possibility to realize good deeds for the needy and to gain respect in the community. Celia Stopnicka-Rosenthal, 'Social Stratification of the Jewish Community in a Small Polish Town', in *American Journal of Sociology*, vol. 59 (1953), pp. 2-3.

³⁸ Moral and religious objections to (high) interest rates, suspicions of malpractice, monopoly or collusion, and the fact that many commercial moneylenders are members of ethnic minorities, are among the causes of stigmatizing all informal lenders' activities as usurious and exploitative. Most critics, however, tend not to recognize that informal finance was the natural system in rural areas long before the introduction of formal institutions. F. J. A. Bouman, R. Houtman. *op. cit.*, p. 76. We will not refer here to the abundant literature on the issue of usury in the writings of Jewish scholars, philosophers and rabbis. The well known verse from Deuteronomy 23:21, which makes the distinction between lending to a compatriot and to a stranger, constitutes the core of the debate: "Unto thy brother thou shalt not lend upon interest (..) unto a foreigner thou mayest lend upon interest". Judaism does not see anything inherently wrong with lending money at interest, it is a "perfectly normal and beneficial part of economic activity, like the supply of other forms of capital. The injunction against the taking of interest did not apply to non-Jews who did not share the same communal spirit with the Jews". Meir Tamari, *With All Your Possessions: Jewish Ethics and Economic Life*, New York 1987, p. 167 and 171. This distinction was due to the involvement of ancient Israel in the transit commerce with foreign merchants. This does not mean that money lending to non-Jews was accepted in Judaistic teaching without discussion. Talmudic restrictions emphasised that interest might be charged to non-Jews only if the lenders were unable to make a living from another source. The Jews should also avoid lending money to non-Jews because of the resulting close social contacts between lender and borrower. For more extensive

that the widespread occurrence of usury denotes the persistence of backward economic methods dating from manorial days, and the dominance of subsistence farming³⁹. In fact, this definition of usury coincides with the Marxist sense of precapitalistic money lending. According to Marx, the high rates of interest characteristic of usury cannot be compared to capitalist interest rates: usury in precapitalist modes of production can assimilate almost all of the surplus product of an independent producer, while interest under capitalism is only a part of surplus value⁴⁰.

The experience of governmental credit programmes for agriculture in developing countries substantially modified this opinion⁴¹. As knowledge now stands, the existence of informal credit sources is inherent to the rural financial

treatment of this problem see, Salo W. Baron, 'Economic Doctrines', in Nachum Gross (ed), *op. cit.*, New York 1975, pp. 52-53; Idem, Chapter LIII, in *A Social and Religious History of the Jews*, New York/London 1967, vol. 12; Marcus Arkin, *Aspects of Jewish Economic History*, Philadelphia 1975, Chapter IV.

³⁹ Werner Conze, 'The Effects of Nineteenth-Century Liberal Agrarian Reforms on Social Structure in Central Europe', in F. Crouzet, W. H. Chaloner and W. M. Stern (eds), *Essays in European Economic History 1789-1914*, London 1969, p. 76.

⁴⁰ The consequent separation of the labouring producer from his means of production was the starting point of capitalism. Karl Marx, *Capital*, vol. 3, pp. 594-597.

⁴¹ A negative attitude towards informal money lenders underpinned the philosophy of many institutions designed to provide rural credit in LDC's. The failure of most agricultural projects targeting the position of informal money lenders in the smallholder agricultural credit changed the principles of governmental intervention. Recently, there has been greater emphasis on developing financial intermediaries unique to LDC's and less emphasis on substituting formal for informal credit. Recent research from various countries has shown that monopoly profits in informal lending are less than had been assumed and that informal lenders provide some financial services more efficiently than formal credit sources. Dale W. Adams and Robert C. Vogel, 'Rural Financial Markets in Low-Income Countries: Recent Controversies and Lessons', in *World Development*, vol. 14/4 (1986), p. 479. Some authors even advocate the reinforcement of the informal credit market, since it prevents the domination of scarce resources by the elite in the rural region and subsequent restriction of access for credit by rural sub-classes. The example of Pakistan shows the importance of the informal credit market for financing the use of modern technology by this group and for the reduction of tendencies towards excessive social polarization. Winfried Manig, 'Formal and Informal Credit Markets for Agricultural Development in Developing Countries - The Example of Pakistan', in *Journal of Rural Studies*, vol. 6/2 (1990), pp. 209-215. Informal money lenders may also channel credits from the formal sector - in the period of the upswing in agricultural production in the province of Buenos Aires, formal credit was allocated to farmers by rural merchants who had easier access to banking services. Jeremy Adelman, *op. cit.*, p. 87.

markets in most LDC's (Low Developed Countries)⁴². Rates of interest reaching 50 per cent are not called any more usurious because they are supposed to reflect high risk involved by loans to small farmers⁴³. Thus the activity of private lenders is not necessarily considered as synonymous with usury, and the ceiling by which a loan may be called 'usurious' has been put upwards.

Further, economic literature brings two models showing how the 'method of usury' operates in the agricultural sector of less developed countries. Bottomley put forth the explanation that the lender charges high rates of interest to cover the risk of default⁴⁴. In opposition to this hypothesis, Bhaduri constructed the model in which lenders would charge excessive interest rates to force borrowers with cash constraints to default, and then take away from the latter an

⁴² A survey of small farm credit distribution shows that the percentage of small farm credit provided by informal credit sources varies between 50-60 per cent (Iran, Colombia, Ghana, Turkey, Philippines) and 80-90 per cent (Korea, Thailand, Nigeria, Peru). *Aid Spring Review of Small Farm Credit*, vol. 17/6 (1973). It should be remembered that these numbers also include loans from friends and relatives, which are usually free of charge.

⁴³ Studies on informal markets in Thailand and India, countries with a long tradition of private smallholder agriculture, found that interest rates of 4-5 per cent per month are normal in commercially oriented loans. G. Feder et al., *Land Policies and Farm Productivity in Thailand*, Baltimore; T. Timberg and C. V. Aiyar, 'Informal Credits Markets in China', in *Economic Development and Cultural Change*, vol. 33/4 (1984), pp. 43-59. Cahnman made similar observation on the financial services supplied by Jews to peasants in eighteenth century German villages. He argued that there was high demand for Jewish loans among small peasants because: "The city merchants were not inclined to grant small-scale and often risky loans to unknown debtors or to accept produce in lieu of cash". Werner Cahnman, 'Village and Small-Towns Jews in Germany', in Joseph B. Maier et al. (eds), *German Jewry. Its History and Sociology. Selected Essays by Werner J. Cahnman*, New Brunswick/Oxford 1989, p. 45.

⁴⁴ According to Bottomley, interest charges are compounded of the opportunity cost of the lender's cash, in terms of the return on alternative 'safe' investment such as government bonds, plus the administration charges on each unit loaded as well as premium for risk. Bottomley holds that in poor countries these expenses are high and that 'exorbitant' rates may merely cover costs. Therefore, the interest rate observed in the informal credit market is actually the nominal one; to arrive at the effective interest rate, one must deduct the cost of risk of lending to small farmers. The economic literature refers to this explanation as to 'lender's risk hypothesis'. Anthony Bottomley, 'Interest Risk Determination in Underdeveloped Rural Areas', in *American Journal of Agricultural Economics*, vol. 57 (1975), pp. 279-291; Idem, 'Monopoly Profit as a Determinant of Interest Rates in Underdeveloped Rural Areas', in *Oxford Economic Papers*, vol. 16/4 (1964), ; Idem, 'The Premium for Risk as a Determinant of Interest Rates in Underdeveloped Rural Areas', in *Quarterly Journal of Economics*, vol. 14 (1963), pp.

underpriced collateral⁴⁵. Thus the evidence suggests that the behaviour of Jewish money lenders tends to confirm the expectations of the second model. Indeed, high demand for land in Galicia could have made such a strategy more profitable than simply charging exorbitant interest rates. The large share of Jews among the creditors of auctioned property supports such an assertion, for it runs against the observation that private money lenders tend to have a much lower loan delinquency and default rate than formal institutions.

2. 1880 - mid-1890s

Graphs 1 and 2 show that the dramatic increase in the number of auctions was halted for the first time in the early 1880s. Theoretically, one can attribute the presumed improvement in the terms under which credit was offered to the peasantry to three factors. To begin, in 1877 and in 1881 the Reichsrat passed two laws against usury⁴⁶. The law of 1877, which concerned only Galicia and Bukovina, does not seem to have exerted any notable changes in the operation of usurious capital, while the decrease in the number of auction after 1880 may be linked to the law of 1881. However, since both decrees did not differ in substance and there was no reason why the Galician administration should have carried

⁴⁵ The lender is in a position to undervalue substantially the collateral offered by small farmers since this collateral is not readily accepted in the organized credit market. This transfers the risk of default of loan from the lender to the borrower. Kaushik Basu, 'Implicit Interest Rates, Usury and Isolation in Backward Agriculture', in *Cambridge Journal of Economics*, vol. 9 (1984), pp. 145-158. Amit Bhaduri, 'Forced Commerce and Agricultural Growth', in *World Development*, vol. 14/2 (1986), p. 268. In this model, the lender actually encourages the debtor's default through high interest rates. Idem, 'On the Formation of Usurious Interest Rates in Backward Agriculture', in *Cambridge Journal of Economics*, vol. 1/4 (1977), pp. 341-352. For a discussion of both models, see Shibashan Gangopadhyay and Kenal Sengupta, 'Usury and Collateral Pricing: towards an Alternative Explanation', in *Ibidem*, vol. 11/1 (1987), pp. 73-42.

⁴⁶ The legislation of 19 July, 1877 was enforced together with a law against drunkenness, which also aimed at interfering in one of the forms of usurious activity. On 28 May, 1881 the anti-usury law for Galicia and Bukovina was replaced by an act of law concerning the whole of the Austrian state. Tadeusz Piłat, 'Licytacje sądowe posiadłości włościańskiej i małomiejskiej w latach 1880-1883 włącznie z poglądem na lata dawniejsze poczynszy od roku 1873', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 8 (1883/1884), p. 140. The new law introduced the obligatory notarial registration of the loan contract. The notarial office was supposed to refuse accepting too high interest charged on the loan. Leopold Caro, 'Lichwa na wsi w Galicji w latach 1875-1891', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 13/3 (1893), p. 14.

them out in a different way, the effects in question seem improbable. Moreover, the experience of anti-usury legislation in developing countries demonstrates the inefficiency of legal measures taken against informal money lenders⁴⁷. In fact, such a conclusion may indeed be found in the reports that county authorities submitted for the needs of a governmental survey on the economic standing of the rural population carried out in 1881⁴⁸.

In seeking an explanation of the alleviation of the financial burden on the Galician peasantry, one may look at the activity of the Bank Włościański, until the 1880s the main financial institution open to peasants. The bank came into existence in 1868, but from the very beginning its operations were criticized by public opinion. According to the statute, it should have granted both short and long-term credits, but in practice the loans were confined only to the latter. The institutions designed by the statute for granting short-term credit - small branches

⁴⁷ Usury ceilings (this term should not be confused with low interest rates imposed on official credit institutions) often have an effect different from that conceived by the legislator. The objective of the anti-usury laws in Galicia was similar to those implemented in contemporary LDC's: the protection of the small agricultural borrower against exploitation. The first difficulty arises from the multi-faceted and complex dimension to many credit transactions. Since it is often the same middleman to whom the farmer sells his output, the interest paid on the loan is frequently concealed in the price received for the crop. Rudolph Blitz and Millard Long, 'Economics of Usury Regulation', in *Journal of Political Economy*, vol. 73/4 (1965), p. 614. For numerous examples of different techniques of evasion practised by Jewish money lenders, see Salo W. Baron, *op. cit.*, pp. 191-192.

Another shortcoming stems from the fact that formal credit institutions tend to exclude small farmers from their clientele. The successful extension of formal credit to small farms encounters the problems of information which lead to the comparative advantage of the informal sector. The ability of local money lenders to profitably lend to the small firm sector is rooted in their better information and means of control. Michael Carter, 'Equilibrium Credit Rationing of Small Agriculture', in *Journal of Development Economics*, vol. 28/1 (1988). As a result, the only effect of usury regulation may be the relocation of usurious capital combined with the failure of institutional attempts aiming at supplying cheap loans to small farmers. Thus, the usury laws, by reducing the supply of credit, can adversely affect the very people they are designed to help. Millard Long, 'Interest Rates and the Structure of Agricultural Credit Markets', in *Oxford Economic Papers*, vol. 20/4 (1968), p. 287.

⁴⁸ The county authorities reported that the impact of the law on the activity of usurious capital was of a temporary nature. In a number of counties, usurers abandoned their operations for some time, or even decided to deposit capital assets in savings-loans banks. After some months however, since the law was not backed up by administrative means or by changes in the credit supply, they resumed their previous activity. Julian Kleczyński, *op. cit.* See also, Leopold Caro, *op. cit.* p. 14; Idem, *Studia społeczne*, Kraków 1908, p. 280. Piłat (in 1883) was of a different opinion: according to him, both decrees brought about a substantial improvement in the rural credit market. Tadeusz Piłat, *op. cit.*, p. 140.

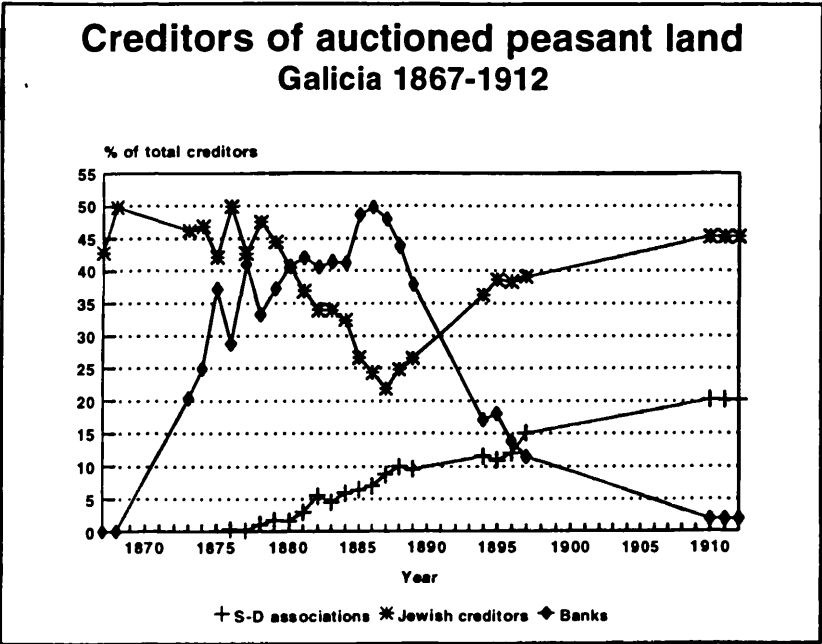
in the countryside - were never created. Hence, the bank could not compete with the most frequent form of financial operation carried on by informal money lenders. Moreover, though theoretically the annual interest rate on loans was 12 per cent, the weight of additional fees made it increase to almost 40 per cent⁴⁹. In 1878, the bank bowed to the pressure of public opinion and introduced some reforms to its credit operations (the interest rate was reduced to 10 per cent and the maximum sum of credit was allowed to increase twofold, to twenty times the amount of the deposit)⁵⁰. The changes, however, did not inhibit the bank's management board from risky, out-of-statute, financial operations on the Viennese stock exchange which caused its final collapse in 1884.

The prevailing opinion in the contemporary literature was that the Bank Włościański did not fulfil its initial task which assumed combating usury and helping small landholders. On the contrary, it was blamed for increasing the indebtedness of the peasantry and for contributing to numerous auctions of peasant holdings. The Galician economic press contrasted the activity of the bank with the benefits stemming from the development of Schultze-Delitsch savings-loans associations, a new credit institution introduced in Austria at the beginning of the 1870s. The activity of these associations, alongside the creation of the Bank Włościański and the anti-usury legislation, is the third factor which may be considered as stabilizing the increase of peasant property auctioned for debts. To distinguish the shares of both institutions, the Bank Włościański and Schultze-Delitsch associations, the following graph seeks to demonstrate in more detail the composition of public creditors of the auctioned property. The line marked in the legend as 'banks' signifies, beside the Bank Włościański, three other banks which from the end of the 1870s dealt with rural credit: Zakład Kredytowo-Rolniczy dla Galicji i Bukowiny (the so called Bank Ruski), Zakład Kredytowy Ziemski

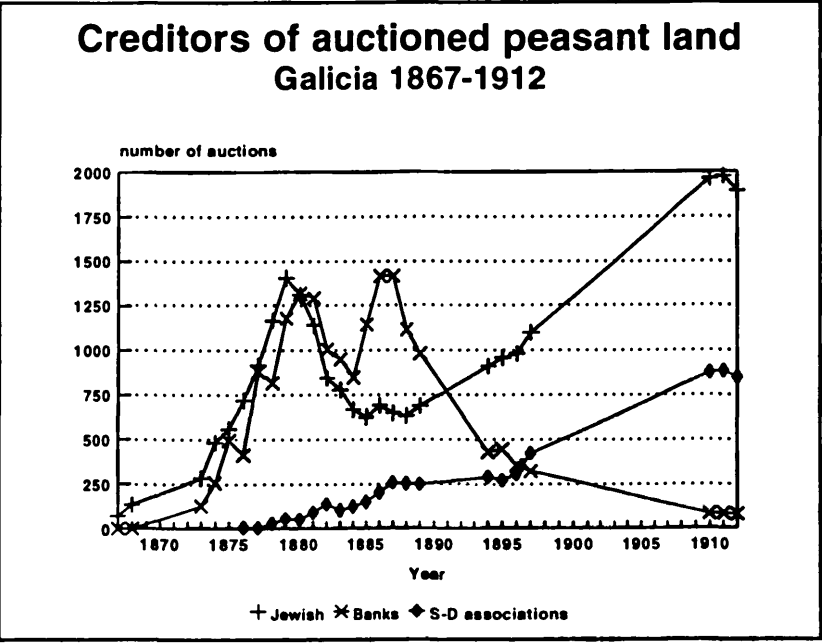
⁴⁹ The loans were to be paid by the peasant in February, June and October, the months when he usually did not possess enough cash. About 75 per cent of debtors could not meet these terms and had to pay additional interest. Leopold Caro, 'Bank Włościański w Galicji', in *Studia społeczne*, Kraków 1906.

⁵⁰ *Ibidem*, p. 25.

Krakowski and the Bank Hipoteczny. Since the Bank Włościański accounted for 80-90 per cent of the auctions on behalf of banks, we have not considered it necessary to discuss separately the part played by the other financial institutions.



Graph 4.



Graph 5.

Source: See Graph 3.

Graph 4 shows clearly that it was only at the beginning of the 1880s that the activity of formal credit institutions affected the position of Jewish money lenders. Until 1879, Jews held a stable share in auctioned peasant property, which varied from 42 to 50 per cent. The increase in the proportion of banks, at this time representing the only formal institution dealing with rural credit, was achieved mainly at the expense of Christian money lenders. Whereas the number of auctions announced at the demand of the banks and the Jews grew at approximately the same high pace, the number of Christian creditors appearing in the auctions' announcements increased only slightly and then remained unaltered until the end of the 1880s. The most likely explanation for this phenomenon is the limited group of potential money lenders among the non-Jewish population. In the initial period after the abolition of serfdom it is hard to conceive of a social strata in the possession of sufficient money resources other than the clergy and landowners. That would also explain the high share of Christians creditors in 1867 and 1868; credit transactions between landlords and local peasantry must have already been fairly widespread before the laws of 1866 and 1868. Since local authorities were controlled by landowners, they could have lent money to the peasants, unlike the Jews, quite overtly and with the similar aim of appropriating of debtor's land.

Around 1880 the volume of rural credit supplied by the banks encroached upon the transactions carried out by Jewish lenders. The threshold is clearly demarcated by the steep decline in the proportion of Jews among creditors of the auctioned property (in relative and absolute numbers). Between 1879 and 1889, Jews were steadily driven out of credit services whereas the role of the banks in the rural credit supply was growing. At the same time, from Graph 1 it may be seen that in this period the extension of public creditors' activity first decreased and then stabilized the number of auctions. Since most of the loans were granted by the Bank Włociański, entirely negative opinions on its operations appear exaggerated. The high rate of loan default is not surprising if we take into account

difficulties inherent to agricultural lending⁵¹. The bank acted as a regular commercial institution trying to maximize its profits through higher interest rates and through the lowering of transaction costs⁵². Therefore it neglected constructing a costly network of rural branches and instead employed financial agents extending loans to small landholders. Since the agents were paid commission money proportional to the amount of loans they arranged, they had no interest in any screening techniques concerning the creditworthiness of a potential borrower⁵³. The bank contented itself with taking land holding as a security against default. Because the statute confined the bank's activity to agricultural lending, the optimal strategy was to increase the volume of loans. During 15 years of its activity the bank granted about 70,000 loans to the total sum of 15 million crowns⁵⁴. Peasants holdings which received a loan from the Bank Włościański accounted for one twelfth of the total number of land holdings in Galicia⁵⁵. This result is comparable with those achieved by most of the agricultural programmes subsidizing cheap rural credit in LDC countries⁵⁶. Even

⁵¹ Direct banking intervention in rural financial market encounters a variety of factors complicating agricultural lending. The seasonal nature of activity, the difficulty of serving geographically dispersed clients, peak-loan demands and relatively high transaction costs are only some of the intrinsic difficulties in supplying rural credit, especially for small landholders. Avishay Braverman and J. L. Guasch, 'The Theory of Rural Credit Markets', in *Discussion Paper, Economics*, University of San Diego 1990, p. 5.

⁵² Unlike many formal institutions of this type there were no low interest ceilings imposed by the government on agricultural loans. Although there was some pressure on low interest rates, the bank's board was able to circumvent them by imposing the set of additional fees on the borrower. Leopold Caro, *op. cit.*, p. 40.

⁵³ The statute of the Bank Włościański designated a censoring procedure, but there was no instance when a loan was cancelled because a creditor used it for purposes different than that specified by his loan contract. *Ibidem*, p. 58.

⁵⁴ Leopold Caro 'Bank Włościański w Galicji (1868-1884)', in *Ekonomista Polski*, vol. 10 (1892), p. 40.

⁵⁵ Leopold Caro, 'Bank Włościański w Galicji', in *Studia społeczne*, Kraków 1906, p. 121.

⁵⁶ The most severe shortcoming of agricultural policies implying subsidized interest rates is that only a small fraction of the farmers in LICs (Low Income Countries) seem to have benefited from such credit. It has been estimated that only 5 per cent of farmers in Africa and 15 per cent of farmers in Asia had access to formal credit. Avishay Braverman and J. L. Guasch, *op. cit.*, p. 1254. See also, Philippe Egger, *op. cit.*, p. 447. Low interest rates induce the lender to concentrate loans in the hands of the well-to-do. Lenders have incentives to minimize the risk of default by concentrating cheap loans to those with excellent land collateral and those who take large loans.

though the interest rate on some of them was 40 per cent it was still a better offer than a short term loan from a money lender. Local Galician authorities reported in the 1880s, that the most common interest rate on private loans oscillated between 50 and 150 per cent per annum⁵⁷.

In the second half of the 1880s, the number of auctions rose again and, as is displayed in Graph 4 and 5, the chief part of the growth was due to the activity of banks. This time, however, it did not imply a corresponding decrease in Jewish credit transactions: Graph 5 shows that in absolute figures the number of auctions carried on behalf of Jews remained unaffected. This explanation rests on the fact that between 1884 and 1886 three major banks dealing with rural credit went bankrupt. Therefore, the increase in the number of auctions does not reflect an increased supply of credit, but is a consequence of the liquidation process⁵⁸. The situation stabilized again around 1890, when auctions resulting from bankruptcies of Galician banks became less frequent. Since in this period the banks gradually ceased to provide rural credit, over the next four years Jewish money lenders gradually regained their former position in the rural financial market. The inverse relationship between the share of public institutions and Jewish creditors is visible both in relative and absolute terms. Between 1888 and 1894, the number of auctions on behalf of public creditors decreased from 1,478 to 1,001, whereas the number of auctions on behalf of Jews increased from 680 to 955. In the same period, the percentage of Jews as a part of the total number of creditors of the

Dale W. Adams and Robert C. Vogel, *op. cit.*, p. 479. As a result, rather than equalizing income inequality, low interest programmes have increased it; 5 per cent of borrowers have received 80 per cent of credit. Avishay Braverman and J. Guasch, *op. cit.*, p. 1255.

⁵⁷ Leopold Caro, 'Lichwa na wsi w Galicji w latach 1875-1891', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 14/2 (1893), pp. 1-45. Even if we assume that the interest rate charged by the Rural Bank could indeed reach 40 per cent in some cases, it should not necessarily be called 'high interest rate'. The rates charged on loans of a similar size, duration and risk are 'high' even in developed countries. In the United States, for example, individuals who borrow from consumer finance companies pay on average 24 per cent per annum (in the 1960s). Millard Long, *op. cit.*, p. 281.

⁵⁸ Bank Włościański went bankrupt in 1884, Bank Ruski went into liquidation in 1886, Zakład Kredytowy Ziemski in 1885. J. Ziomek, *Życie gospodarcze w okręgu krakowskiej Izby Przemysłowo-Handlowej 1850-1930*, Kraków 1930; Rubin Kellman, *Die landliches Kreditverhältnisse in ehemaligen Galizien und heutigen Galizien und heutigen Polen*, Saafeld n. d. (c.a. 1935), p. 45.

auctioned property went up from 24.8 per cent to 38.7 per cent. Until 1895, however, the total number of auctions, in comparison to the 1880s, does not reveal considerable change. From Graphs 4 and 5 it may be concluded that the stabilization was most likely caused by the emergence of a new credit institution, the so called Schultze-Delitsch savings-loans associations, which replaced banks as a major public creditor on the rural financial market.

The Schultze-Delitsch system of savings-loans associations (*Spar- und Darlehen Vorschussvereine*, *towarzystwa kredytowo-zaliczkowe*) arrived in Galicia as early as the 1860s. The first association was established in 1864 in Brzeżany, but it was not until 1873 that their formation gained more ground⁵⁹. In this year, the law enacted by the Reichstag enjoined the creation of credit cooperatives of limited liability. The legislators' intention was to transfer German experience in the economic organization of peasantry on Austrian lands⁶⁰. In the Galician case savings-loans associations underwent a characteristic evolution. Initially, organizations of this type were to provide cheap loans to artisans and small merchants⁶¹. In accordance with the nature of these economic activities, the statute of the German Schultze banks limited credit transactions to short-term, usually 3 months, loans. In Galicia, the original statute was tailored to the needs

⁵⁹ In fact the first association of this type was the credit cooperative established in 1860 by Lwów's artisans ('Stowarzyszenie wzajemnej pomocy rękodzielników mieszczań lwowskich, pod wezwaniem błogosławionego Jana z Dukli'). This cooperative, however, was based on old concession system (enacted by the law of 1859). Ignacy Domagalski, 'Szkice o rozwoju i stanie stowarzyszeń współdzielczych w Galicji i Księstwie Cieszyńskim', in *Ekonomista*, vol. 9/4 (1909), p. 2.

⁶⁰ The Austrian association law of 09 September, 1873 was fashioned from the Prussian law of 1867 which provided legislative basis for the creation of Schultze-Delitsch associations. Apart from savings-loans cooperatives the law included also associations dealing with stores, raw materials and consumer products. Cezary Łagiewski, 'Stowarzyszenia współdzielcze w Małopolsce', in *Ekonomista*, vol. 21/1 (1921), p. 80. Until 1873 the foundation of credit (and other) associations required a special concession issued by the Austrian authorities (according to the Emperor's patent for associations of 1852). Rubin Kellman, *op. cit.*, pp. 65-66.

⁶¹ The first bank was created by Schultz in the town of Delitsch in 1849. In 1865 there were already 3,000 of Schultze-Delitsch banks in Germany. The loan fund consisted of deposits granted by members who shared common limited responsibility for financial losses. The number of shares held by one member was unlimited and entitled him to the proportional number of votes in the ballot. Edward Milewski, *Kooperacja i jej znaczenie w Polsce*, Kraków 1915. Original Schultze's idea was to assist small producers who otherwise could not compete effectively on the market. Antoni Gurnicz, *Franciszek Stefczyk. Życie, poglądy, działalność*, Warszawa 1976, p. 71.

of rural credit operations. Therefore, Galician associations adopted various forms of debt prolongation, extending the maximum term for which the loan was granted. In addition, some of them included into their operations mortgage loans, advanced for a maximum 4 year term⁶². These changes enabled Galician savings-loans associations to extend their credit activity to the rural population⁶³. Moreover, unlike in Germany, they accepted the principle of limited liability (according to the law of 1873) which made them less vulnerable to the changes in the Austrian financial market. These credit unions can be better understood given their spread across Austria in the second half of the 1870s. Hence they did not suffer the grievous blow of 1873 that decimated savings-loans banks in Germany. As a result, in the last 15 years of the nineteenth century, after the liquidation of the Bank Włociański, Bank Ruski and Zakład Kredytowy Ziemiński⁶⁴, Schultze-Delitsch savings-loans associations became the most important organization dealing with rural credit.

Surprisingly, until now virtually no research has been undertaken to estimate the impact of Schultze banks on Galician agriculture. The body of economic literature on Galicia published in post-war Poland either refuses to mention of such institutions altogether, or depicts them as the credit associations

⁶² Some cooperatives dealt even with long term loans. It was possible to conciliate the contradiction between the short term savings deposited in cooperatives and long term loans due to the financing from country banks. Władysław Terenkoczy, editorial in *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych*, vol. 5 (1884), p. 12.

⁶³ Among very few scholars who have noticed this particularity in Schultze-Delitsche cooperative movement was Bujak. Franciszek Bujak, *Galicja*, Lwów 1908, vol. 1., p. 202.

⁶⁴ The Austro-Hungarian Bank in Galicia did not carry out any credit operations until 1899. In 1899 the bank began to grant some credits via the discount of bills. J. Ziomek, *op.cit.*, Kraków 1930. Roman Rybarski, *Organizacja kredytu przemysłowego w Galicji i Królestwie Polskim*, Kraków 1911, p. 15. The greatest country bank, created in 1883, the *Bank Krajowy*, offered only mortgage credit to a minimal amount of 500 złoty; well above the needs of the average peasant holding. Adam Krzyżanowski, 'Sejm a rolnictwo', in *Studia agrarne*, vol. 1, Kraków 1900. Helena Żukowska, 'Powstanie i rozwój kas Stefczyka', in *Annales Universitatis Mariae Curie-Skłodowska*, vol. 23 (1989), No 13, p. 192. "The branches of Austro-Hungarian Bank and Viennese Credit Anstalt almost do not participate in the economic life of the country". Leopold Lityński, *Odrodzenie ekonomiczne Galicji*, Lwów 1907, pp. 22-23.

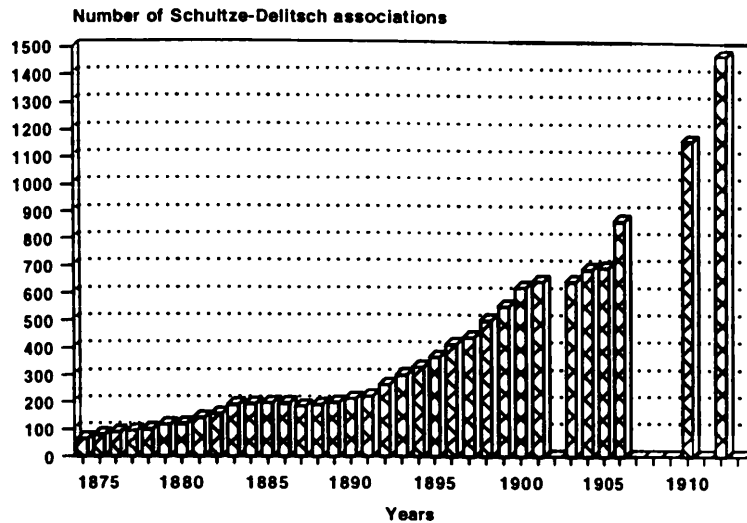
of the petit bourgeoisie⁶⁵. Scholars have focused on another type of credit institution, the Raiffeisen cooperatives founded on self-help principles. Indeed, as we will see, Raiffeisen cooperatives did dominate the rural credit market in Galicia - but not before the beginning of the twentieth century. Moreover, they did spread somewhat later and on a smaller scale among the Ukrainian peasantry than the Schultze system which remained the principal form of the cooperative movement.

It would not be wrong to assume that this lack of literature stemmed from an ideological bias against the commercial principles of the Schultze-Delitsch system. This is similarly true of the Soviet literature, which scrupulously overlooks the economic role of any rural credit associations in pre-revolutionary Russian agriculture⁶⁶. To be sure, postwar Polish authors have adhered to the pre-war tradition which also emphasised the significance of Raiffeisen organizations, but it did so for different reasons. The development of self-help credit associations was perceived as a parallel to the development of the national consciousness among the Polish peasantry, while Schultze-Delitsch associations carried with them the stamp of a purely commercial venture.

⁶⁵ See, for example, Witold Kula, *Historia Polski w dobie powstaniowej, 1864-1918*, Warszawa 1947, p. 65. Walentyna Najdus does not mention the Schultze-Delitsch associations at all and maintains that until the development of the Raiffeisen savings-loans associations, the main lending institutions in the Galician countryside were communal savings banks. Walentyna Najdus, *Szkice z historii Galicji*, vol. 1, Warszawa 1958, p. 111. According to Gurnicz and Wiatrowski, Schultze-Delitsch banks associated mainly rich farmers while Wojciechowski criticizes them for a presumed pro-capitalist attitude. Antoni Gurnicz, *Kółka rolnicze w Galicji*, Warszawa 1967, p. 215; Leszek Wiatrowski, 'W czasie zaborów', in Stefan Inglot (ed), *Historia chłopów polskich*, Wrocław 1992, p. 173; Stanisław Wojciechowski, *Historia spółdzielczosci polskiej do 1914 r*, Warszawa 1939, p. 106.

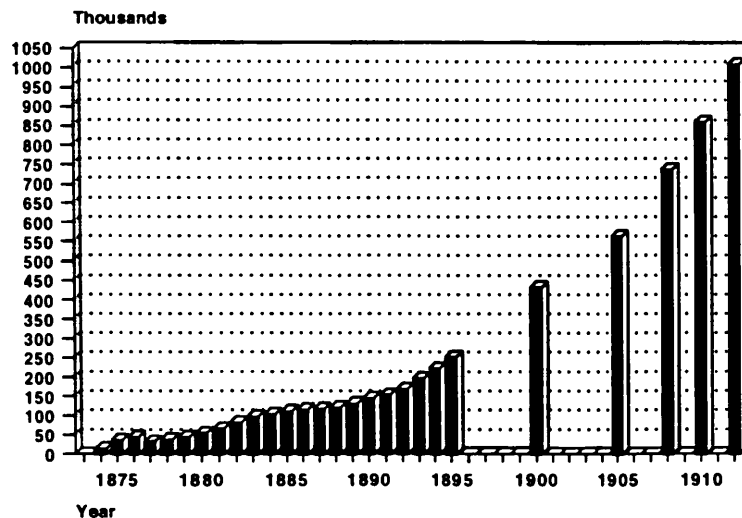
⁶⁶ See Steven Koch's review of Korelin's book *Sel'skhokhozaystvennyi kredyt v Rossii v kontse XIX- nachale XX v*, Moskva 1988, in *American Journal of Agricultural Economics*, vol. 72 (1989), p. 1249.

Schultze-Delitsch associations Galicia 1875-1912



Graph 6.

Members of Schultze-Delitsch banks Galicia 1873-1912



Graph 7.

Source: Years 1874-1889: Alfred Zgórski (ed), *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych Galicyi i W. Ks. Krakowskim*; Years 1890-1913: Narcyz Ulmer (ed), *Statystyka Stowarzyszeń Zarobkowych i Gospodarczych w Galicji i W. Ks. Krakowskim*.

The emergence of rural cooperatives marks the arrival of a new phenomenon in the rural credit market - group borrowing. The advantages of group borrowing to banking services are multiple - the reduction of credit transaction costs, easier access of small scale farmers to credit where they are discriminated as single borrowers, and the mobilization of rural savings⁶⁷. An additional advantage for agriculture in countries such as Galicia, where the problem of land titles is not clarified, was the assumption of group liability as a substitute for collateral⁶⁸. From the point of view of the informal lenders, rural credit cooperatives constituted a formidable threat since they operated at a local level and thus, unlike banks, possessed knowledge of potential creditors analogous to that of a money lender. Even more important was the fact that the credit activity of cooperatives included, apart from medium term loans, also short term loans, which made them a direct competitor for private lenders. In the second half of the 1880s, when all the banking institutions furnishing credit to the peasantry were liquidated, Schultze-Delitsch associations appear to be the unique factor preventing the collapse of the formal segment of the rural credit market and its subsequent monopolization by private lenders. The mere 12 per cent of auctions on their behalf in 1895 does not reflect fully their share of credit associations in the credit supply due to a very low default rate. In 1882, for example, one auction fell on 296 debtors who had received cooperative loans⁶⁹. In 1891, Galician cooperatives of the Schultze-Delitsch system granted loans totalling 93 million crowns, that is six times more than the Bank Włościański during the sixteen years of its activity⁷⁰. This was a considerable increase in the rural credit supply, even if peasants received only a part of this sum (in 1895, peasants accounted for about

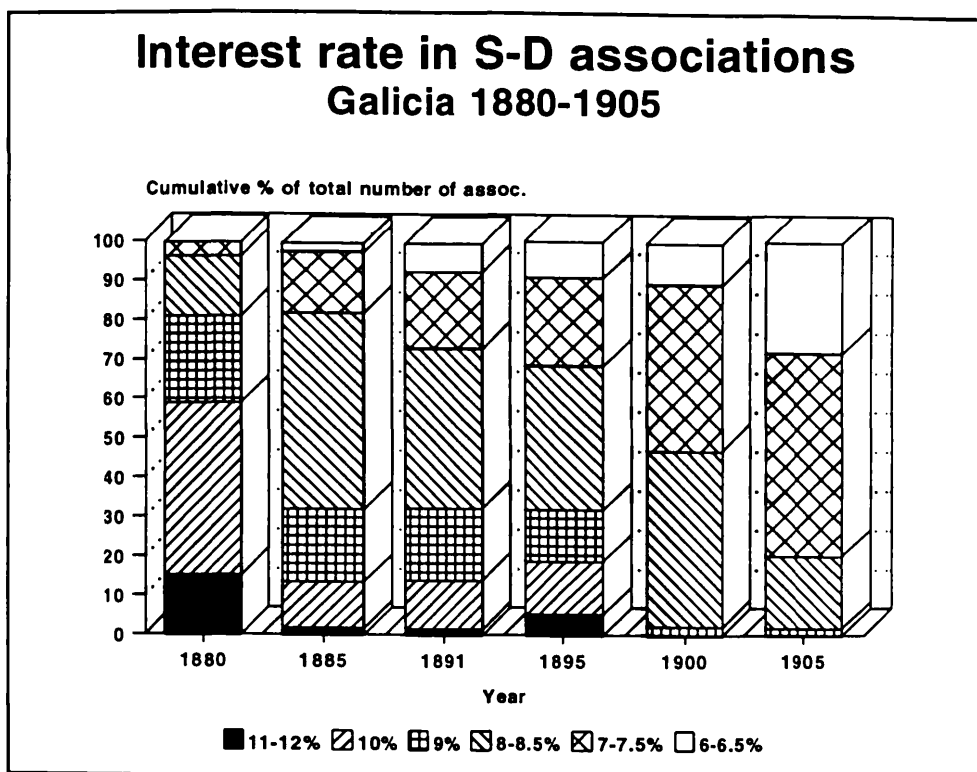
⁶⁷ Avishay Braverman and J. L. Guasch, 'The Theory of Rural Credit Markets', in *Discussion Paper, Economics*, University of San Diego 1990, p. 23.

⁶⁸ Philippe Egger. *op. cit.*, p. 448.

⁶⁹ Calculated from Tadeusz Piłat, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w latach 1880-1883 włącznie z poglądem na lata dawniejsze poczynawszy od roku 1873', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 8 (1883/1884), p. 200.

⁷⁰ Stanisław Gruński, *Materiały do kwestii żydowskiej w Galicji*, Lwów 1910, Table LIV.

50 per cent of cooperatives' members)⁷¹. At the same time, these loans had been advanced to the peasantry under considerably better conditions. The rate of interest charged by the cooperatives was initially (in the 1880s) between 11.5 and 12 per cent and diminished to 7 or 8 per cent in the 1890s.



Graph 8.

Source: Years 1874-1889: Alfred Zgórski (ed), *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych Galicyi i W. Ks. Krakowskim*; Years 1890-1913: Narcyz Ulmer (ed), *Statystyka Stowarzyszeń Zarobkowych i Gospodarczych w Galicyi i W. Ks. Krakowskim*.

The upswing in the spread of credit associations seems to indicate that in the mid-1890s the formation of the Galician rural financial market entered a new

⁷¹ In 1902 the executives of *Krajowy Związek Stowarzyszeń Zarobkowych i Gospodarczych* (the Credit Alliance of Savings-Loans Associations) estimated that about 50 per cent of the credit in Schultze banks was extended to the peasantry. Ignacy Domagalski, *op. cit.*, p. 29.

phase. The relative stabilization of the number of auctions may be interpreted as the outcome of the end of the restructuring process of the rural credit market. In the first period, lasting approximately until the end of the 1870s, the credit demand of the peasantry was served almost uniquely by commercial loans supplied by Jewish money lenders. The overwhelming dominance of informal money lenders indicates that the structuring of the rural financial market in Galicia was not fully shaped out. The proof that financial services supplied by money lenders extended beyond short term consumption loans lies in the inverse correlation between the share of Jewish lenders and formal credit institutions in the number of auctions. The Bank Włociański granted small landholders mostly long and medium term loans which in a regular financial market would not have affected private money lenders to such a degree. It is interesting to note that the activity of public creditors did not affect Christian money lenders, who retained approximately their same share in the rural credit market. It seems that even in this first period, Christian lenders did not expand their activity beyond typically short term operations.

From the beginning of the 1880s the extension of credit operations by public creditors (first banks and then Schultze-Delitsch associations) ousted Jewish lenders from some economic positions. In the aftermath of the shrinkage of their economic activities, Jewish creditors were likely to confine their operations to short term (less than one year) consumption loans, the traditional domain of informal money lenders. Besides petty loans on a day-to-day basis, the most typical loan term varied between six and eight months, from the winter or springtime hardships to harvests, when the peasant was finally able to pay off his financial obligations. Loans granted by savings-loans associations constituted the second segment of the credit market extending between short (one year) and medium (four years) term. Needless to say, there were still shortcomings in the credit supply, varying with the territorial spread of credit associations, the structure of loans, the natural endowment of a region and so on. Nevertheless, the problem seems to be of degree rather than kind. The expansion of credit associations, shown in Graphs 6 and 7, makes one assume that in the years

following there would be no dramatic changes comparable with the period of the late 1860s and 1870s.

3. *Mid-1890s - 1914*

Keeping in mind the above conclusion, it is rather startling to discover that between 1895 and 1910, after the stabilization lasting more than one decade, the former upward trend in the number of auctions was resumed. Even more unexpected is the fact that the large share of the increase was due to auctions executed in consequence of the loan default to Jewish lenders. Between 1895 and 1910, the total number of auctions grew by 1,862 out of which 1,006, or 54 per cent, can be attributed to Jews. Jewish money lenders strengthened their position in the rural financial market in the period when the Galician peasantry had already at its disposal the large network of credit associations of the Schultze-Delitsch and Raiffeisen systems. In 1912, the cooperatives of either system had already associated more than 900,000 peasants, that is every sixth person earning a living in the agrarian sector (including families)⁷². Cooperative loans advanced in this year totalled 912,4 million crowns, ten times more than in 1891⁷³. The increase in the quantity of rural credit was accompanied by a constant improvement in the terms on which the loans were extended to the peasantry. In 1910, the most common interest rate charged by the Schultze-Delitsch cooperatives was between 6 and 6.5 per cent, while the interest rate in Raiffeisen associations usually did not exceed 6 per cent. It seems also reasonable to assume that the participation in cooperative activities helped their members to develop better screening and assessment techniques, which in turn should have lowered the default rate. At the same time, the constraints on the short term credit market

⁷² This figure is calculated through the combination of the total number of the members of credit cooperatives with their social composition. The latter was not available in the case of Jewish banks; therefore the proportion of peasants has been very roughly estimated at 50 per cent. Statistics regarding the social composition of the Jewish banks are available only for 1891 - in that year peasants accounted for 17.5 per cent of their members. Tadeusz Łopuszański, 'Żydowskie stowarzyszenia kredytowe Galicyi', in *Ekonomista Polski*, vol. 13/1 (1893), p. 15; Cezary Łagiewski, 'Stowarzyszenia współdzielcze w Małopolsce', in *Ekonomista*, vol. 21 (1921), p. 94.

⁷³ *Ibidem*.

were additionally eased in the aftermath of the high rates of migration in the last twenty years before the World War I. The savings of migrants returning to Galicia and the money sent home by those who found work abroad constituted a constant flow of remittances, estimated in 1907 at 120-130 million crowns⁷⁴. A considerable part of these assets was deposited in the credit cooperatives, while the other part served to purchase more land and meet the short term credit demand. In the light of these changes in the credit market, the question to be addressed is how to reconcile them with the rapidly rising rate of financial defaults of peasant property?

Before attempting to find a plausible answer to the problem outlined, we shall make a few remarks concerning a new type of credit cooperative in Galicia, known as Raiffeisen savings-credit banks (*spółki oszczędności i pożyczek*). As with the Schultze-Delitsch associations, Raiffeisen banks were fashioned from the German experience⁷⁵. The chief argument for their introduction was the conviction that the credit in Schultze cooperatives, due to the large deposits required from potential members, was not available to the small peasantry⁷⁶. To prevent this situation, Raiffeisen banks in Galicia set lower limits on the obligatory members' shares. The minimal deposit was 10 crowns (the price of one

⁷⁴ According to the calculation of L. Biegeleisen. The sum includes the remittances sent by Polish and Ukrainian emigrants, the savings brought by migrants returning to Galicia and the earnings of seasonal workers in Germany. Leon Biegeleisen, *Rozwój gospodarczy nowoczesnej wsi polskiej*, Kraków 1916, p. 236.

⁷⁵ Raiffeisen banks were popularized in Galicia by Franciszek Stefczyk, who later became one of the most eminent social and economic activists in the popular movement. In 1889, Stefczyk went to the Rhineland and Great Poland to acquaint himself with the functioning of the German model. On his return to Galicia, he founded the first Raiffeisen bank in Czernichów. Antoni Gurwicz, 'Idea i rzeczywistość w pracy organicznej Franciszka Stefczyka', in *Międzyuczelniane Zeszyty Naukowe, Studia z Historii Myśli Społeczno-Ekonomicznej*, No 27, p. 39. In the Polish literature Raiffeisen banks in Galicia are often called Stefczyk banks ('Kasy Stefczyka'), due to the part played by him in the adaptation of the Raiffeisen system to Galician conditions.

⁷⁶ At the beginning of the 1890s this conviction was shared only by a few Galician economists. The prevailing opinion, expressed also by the Country Diet, was that the existing cooperatives fulfilled their tasks and that there was no need to design a new credit institution. Between 1890 and 1898 only 23 Raiffesen banks were created. The effects of their activity, however, alongside the campaign led by Stefczyk, changed the position of the authorities. Cezary Łagiewski, *op. cit.*, pp. 82-83.

hectare of arable land was about 1,200 crowns) and, in addition, could have been paid in instalments⁷⁷. Another modification was that the member could hold no more than five shares and that, notwithstanding the number of shares, he had only one vote in the ballot. This resolution was targeted against the presumed preponderance of richer peasants in cooperative boards (in Schultze banks one member could hold an unlimited number of shares entitling him to the proportional number of votes). Further, for reasons of personal knowledge of potential debtors, the territory of the cooperative activity was usually confined to the local parish, which was less than the average area of the larger Schultze banks. It was hoped that the small scale of operations would create closer binds between the bank and the peasant and would prevent him from carefree loan transactions. For the same reason, the cooperatives were based on the unlimited liability principle⁷⁸. Finally, Raiffeisen banks in Galicia did not deal with credit in the form of bills. This was linked to a clause of commercial law, which concerned the possibility of the auctioning of indebted property and the imposition of short terms of payment. Instead of bills the banks used writs of indebtedness which allowed them to accept a delay in payments⁷⁹. Therefore, Raiffeisen cooperatives did not appear in the auctions' announcements as creditors⁸⁰.

The statutes of Raiffeisen banks formulated explicitly as their primary aim the extension of 'healthy', mostly short term, credit to the small peasantry⁸¹ and

⁷⁷ Obligatory deposits in German Raiffeisen banks were even lower and varied between 2 and 10 crowns. Rubin Kellman, *op. cit.*, p. 71.

⁷⁸ In Galicia, Raiffeisen banks were also allowed to operate on the basis of the limited liability principle, but in practice such cases were sporadic. *Ibidem*.

⁷⁹ Franciszek Stefczyk, *Podręcznik dla spółek oszczędności i pożyczek systemu F. W. Raiffeisena*, Lwów 1914, p. 15.

⁸⁰ For a discussion on the organizational principles of Raiffeisen banks see, Antoni Gurwicz, *op. cit.*; Idem, 'System spółdzielczy F. W. Raiffeisena i jego galicyjska adaptacja F. Stefczyka', in *Spółdzielczy Kwartalnik Naukowy*, 1968, No 4; Franciszek Stefczyk, *O spółkach oszczędności i pożyczek (system Raiffeisena)*, 3rd edition, Lwów 1914; Idem, *Rolnicze stowarzyszenia pożyczkowe*, Warszawa 1914.

⁸¹ According to the statute, the maximum loan term could not exceed four years. Cezary Łagiewski, *op. cit.*, p. 85. In exceptional cases, the board could prolong the term of the payment to 10 years. Franciszek Stefczyk, *Podręcznik dla spółek oszczędności i pożyczek systemu F. W.*

the struggle with Jewish money lenders⁸². Indeed, the organizational principles of their activity made them an even more serious competitor to private lenders than the Schultze banks. This can be seen by the fact that a large proportion of the loans obtained through the cooperatives was directly assigned for 'the payment of burdensome debts' (24.3 per cent in 1901, 33.6 per cent in 1909)⁸³ a category which most likely was synonymous with private loans. According to the statute, cooperative credit was supplied almost uniquely to peasants, who in 1909 constituted 91.3 per cent of the members⁸⁴. Initially, the development of Raiffeisen banks was rather slow because they lacked, other than members' deposits, sources for the credit's financing⁸⁵. A law enacted by the Country Diet on 28 January, 1896 provided the legislative framework for the financial support of rural credit cooperatives, but it did not include Raiffeisen banks. The Diet changed its attitude towards the Raiffeisen system one year later, when it received a governmental report on the situation in the Galician credit market. In consequence, on 16 March, 1899, a parliamentary commission ordered the foundation of a central institution for Raiffeisen associations (the so called *Biuro Patronatu dla spółek oszczędności i pożyczek*) and allotted it some financial funds for the increase of their credit reserves. The simultaneous extension of bank credit to the cooperatives facilitated their swift development in the first years of the twentieth century⁸⁶.

Raiffeisena, Lwów 1914, p. 85.

⁸² In the original statute of the Raiffeisen associations in Germany the combat against usurers was also formulated explicitly as a primary objective of the organizational activity. *Ibidem*, p. 2.

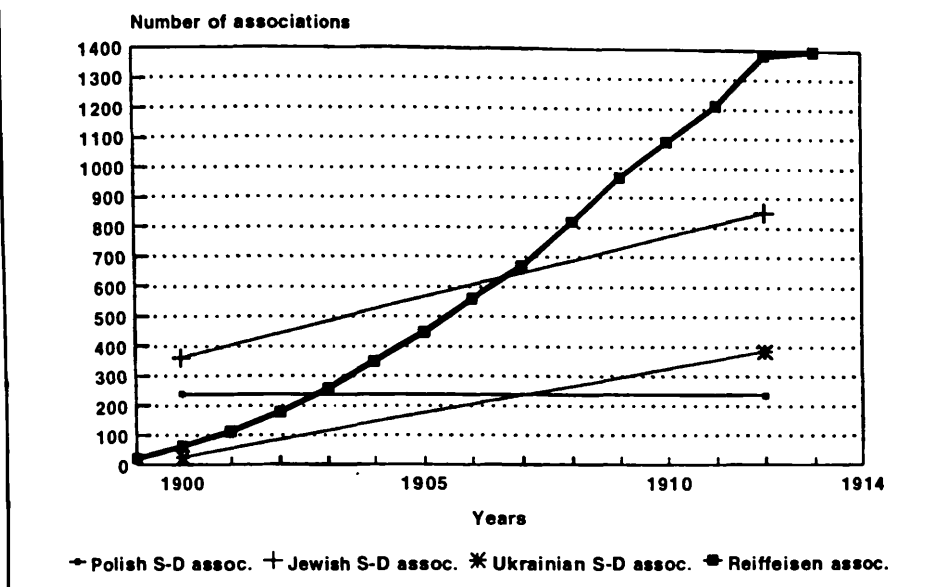
⁸³ Antoni Gurnicz, 'System spółdzielczy F. Raiffeisena i galicyjska adaptacja F. Stefczyka', in *Spółdzielczy Kwartalnik Naukowy*, 1968, No 4, p. 161.

⁸⁴ *Rocznik Statystyki Galicji*, vol. (190), p.

⁸⁵ The Austrian authorities endeavoured to introduce the Raiffesen system to Galicia as early as 1875. The main cause of the failure was the lack of financial support for the creation of central cooperative fund. Halina Żukowska, *op. cit.*, p. 193.

⁸⁶ In response to the law of 1896, the Galician government drew up an account of the situation on the rural credit market. The principal finding of the report was that neither Schultze banks, nor district savings banks, meet fully the demand for short time credit. Therefore, instead of extending the financial support to the already existing credit institutions, the authors advocated the devising of a new type of credit cooperative which would operate on a small territory and deal

Raiffeisen savings-loans associations Galicia 1898-1913



Graph 9.

Source: Schultze-Delitsch associations - see Graph 8; Raiffeisen associations - *Rocznik Statystyki Galicyi* 1900-1912.

To return to the initial question: clearly, the explanation of the increase in auctioned peasant property is not self-evident. The first reason we may conceive of as associated with the increase in the number of auctions is the corresponding increase in the population. From approximate calculations however, it appears that the rise in the number of auctions between 1895 and 1910 significantly exceeded the dynamics of the population growth. In 1895, there were 2,821 persons for one auction announced in the official appendix to *Gazeta Lwowska*; in

chiefly with short time credit. On this basis the Galician Diet, on 16 March, 1899, established the umbrella organisation whose main task was financial and institutional help to all credit cooperatives whose statute fulfilled the requirements of the Raiffeisen system. Report of the Country Diet's Commission, year 1896/1897, *Allegat No 149*; Rubin Kellman, *op. cit.*, p. 70.

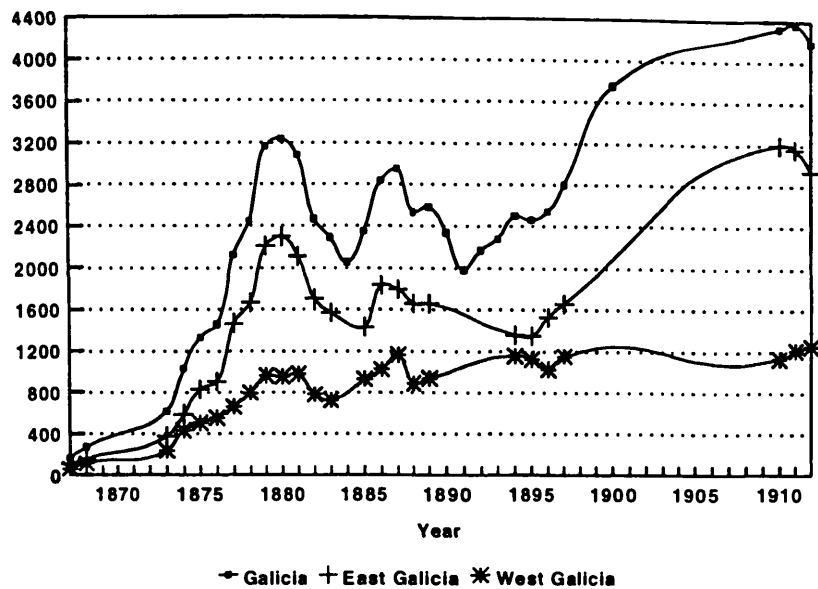
1910, one auction fell already on 1,856 persons, an increase of 52 per cent⁸⁷.

Perhaps the best way to tackle the problem is to isolate various components ingredient in the auctioned property and to consider how these components add up to the increase in the number of auctions. The most evident demarcation would be to refer to the hypotheses advanced in the former chapters and to concentrate attention on the national differences between East and West Galicia. The data specified in auctions' announcements enable us to distinguish between the auctions announced within the jurisdiction of the Lviv and Cracow *c.k. Wyższy Sąd Krajowy* (supreme crownland courts), which corresponded to the area of the two provinces⁸⁸. In order to make allowance for the different area extent of East and West Galicia, Graph 11 shows the appropriate figures calculated per 100 communes.

⁸⁷ The population in 1895 was calculated on the assumption of a constant natural increase rate between 1890 and 1900.

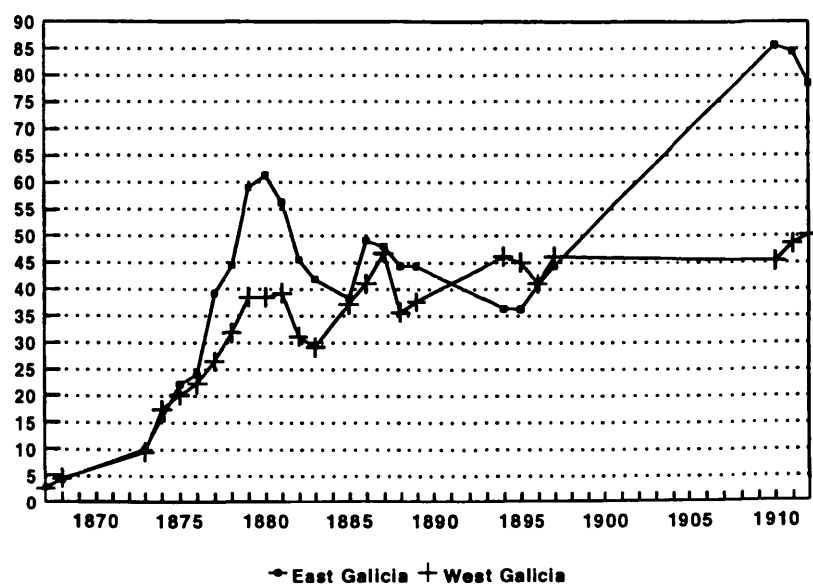
⁸⁸ Until 1 December, 1888, when the Jasło *sąd obwodowy* (circuit court) was created, three West Galician judicial districts were subordinate to supreme crownland court in Lviv. Therefore, for the needs of calculation, between 1867 and 1888 they have been shifted to the area of Cracow supreme crownland court.

Auctions on peasant land East and West Galicia 1867-1912



Graph 10.

Auctions per 100 communes East and West Galicia 1867-1912



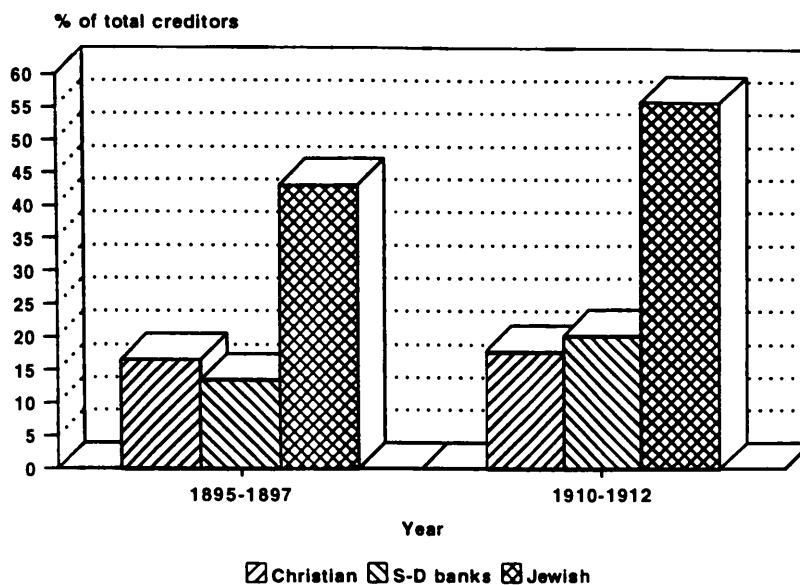
Graph 11.

Source: See Graph 3.

Both graphs lead to a similar conclusion: the chief part of the growth in the number of auctions after 1895 is to be attributed to the eastern part of the country. In 1895, there were 35 auctions per 100 communes in East Galicia, in the years 1910-1912 the corresponding figure was 85, an increase of 2.5 times. For West Galicia, the change was only from 40-45 to 45-50 auctions per 100 communes. Until 1895 the index does not show considerable differences between East and West Galicia. The higher results attained in East Galicia between 1877 and 1885 were a consequence of the fact that the Bank Włościański carried most of its credit operations on its territory (the seat of the bank was located in Lviv). These same differences to the disadvantage of the western province, and discernible between 1887 and 1894, were due to the collapse of the Zakład Kredytowy Ziemiński in Cracow. This bank, in turn, furnished loans almost uniquely to the peasants of West Galicia⁸⁹. After 1895, the banks practically do not surface as significant credit suppliers on the rural financial market: in the years 1910-1912, banks together with public funds accounted for only 3.5 per cent of auctions (see Graph 4 and 5). Hence, it is not a speculative collapse of a large financial institution where one ought to seek the cause of the rise in the number of auctions in East Galicia. Similarly, the fact that the western part of the country did not experience an analogous tendency seems to exclude the factors external to the credit market, such as a series of poor harvests or a secular downward trend in the prices for agricultural products. It is rather the general nature of the rural credit market, or the nature of its linkages to other agrarian markets, where the origin of the difference may be found.

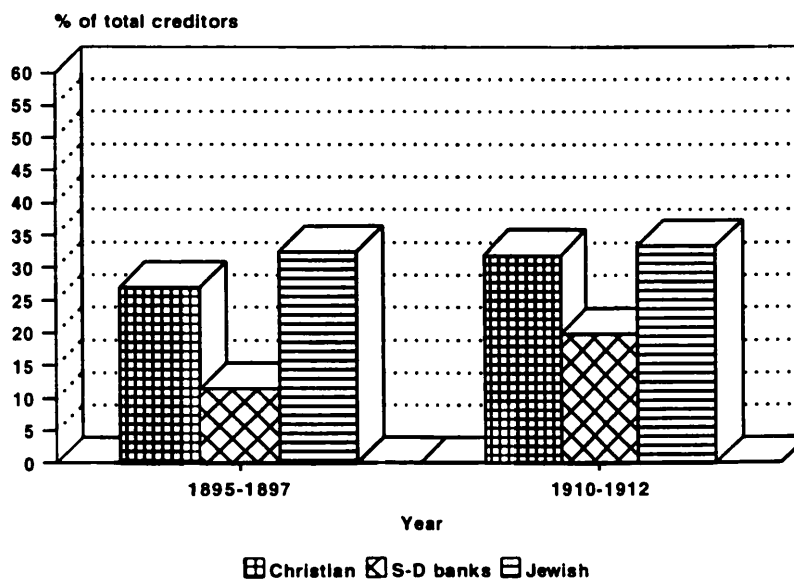
⁸⁹ In the 1880s, about 40 percent of the auctions in East Galicia were carried out on behalf of the Bank Włościański; for West Galicia the figure did not exceed 15 per cent. The opposite situation concerned auctions executed on the demand of the Zakład Kredytowy Ziemiński in Cracow. The bank appeared as a creditor in 20 per cent of cases in West Galicia, whereas in East Galicia its share was negligible. Franciszek Stefczyk, 'Licytacje sądowe posiadłości włościańskich i małomiejskich w latach 1885 do 1889 włącznie', in *Ekonomista Polski*, vol. 19 (1894), pp. 181-182; Tadeusz Zajączkowski, *op. cit.*, pp. 26-27.

Creditors of auctioned land East Galicia 1895-1912



Graph 12.

Creditors of auctioned land West Galicia 1895-1912



Graph 13.

Source: See Graph 3.

In East Galicia, the three main creditors included in the graphs, that is the Schultze associations, Jewish and Christian money lenders, show an upward tendency in the number of auctions executed on their behalf. The growth was most significant for the first two categories of creditors, which together filled the gap left by the departure of banking institutions. With respect to Christian lenders, the change was slight and they continued to play a secondary role in providing the peasantry with credit. In West Galicia, the composition of major creditors did not undergo any thorough modifications. Here the activity of banks was substituted for by Schultze associations and, unlike in East Galicia, by Christian lenders. In fact, leaving aside the large difference measured in absolute numbers, it seems that the heart of the problem is the divergent confessional composition of private money lenders in the two parts of the country. In the years 1895-1897, 54.5 per cent of private creditors of auctioned property in West and 72.2 per cent in East Galicia were Jewish. Between 1910 and 1912, the corresponding numbers were 51.1 and 75.8 per cent; thus the disparity widened instead of narrowing. If we take for the comparison the purely Polish and purely Ukrainian territory, in order to exclude the blurring effect of those districts populated by a mixed population, the difference would be even more discernible. Within the jurisdiction of the circuit court of Wadowice, which constantly recorded the greatest number of auctions in West Galicia, Jews made up only 31 per cent of private creditors. In the districts of Stanisławow and Kołomyja, which had the highest ratio of auctions in East Galicia, 84 per cent and 90 per cent accordingly of private creditors were Jewish⁹⁰.

A tentative explanation would bring together three distinct issues. First, there is the issue of capital accumulation among Polish and Ukrainian peasantry. A low share of Christian lenders in auctions in East Galicia may be interpreted as a lack of the stratum of richer peasants which would engage in money lending and drove the Jews out of villages. Second, there is a presupposed difference in the dynamics of the modernization process between Polish and Ukrainian populations.

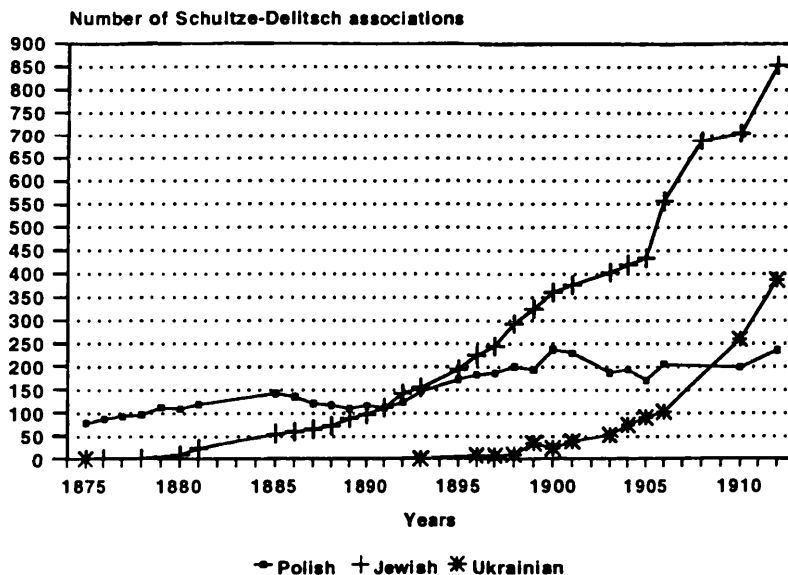
⁹⁰ Krzysztof Jasiński, *op. cit.*, pp. 19-20.

Given that cooperative credit activities are treated as a prominent characteristic of this process, one should seek to analyze its development along national lines. The last problem falls within the area of the former point and concerns the internal evolution of Jewish economic activities. The pressure of modernization on the Polish and Ukrainian populations tended to limit the field open to Jews in the agrarian sector. The resistance to this process however, was conditioned by the economic opportunities outside agriculture, that is by the pace of economic development as a whole. In other words, the Jews were more likely to pursue their intermediary occupations within Galician agriculture as long as the rest of the economy did not create new employment in other sectors.

As a result of the contents of this chapter, we shall pay heed now to the issue of ethnicity and credit, that is to the development of the cooperative movement among the three Galician nationalities⁹¹. Graph 13 presents the formation of the Polish, Ukrainian and Jewish credit banks of the Schultze-Delitsch system; for the purpose of comparison, the number of Raiffeisen banks is also marked.

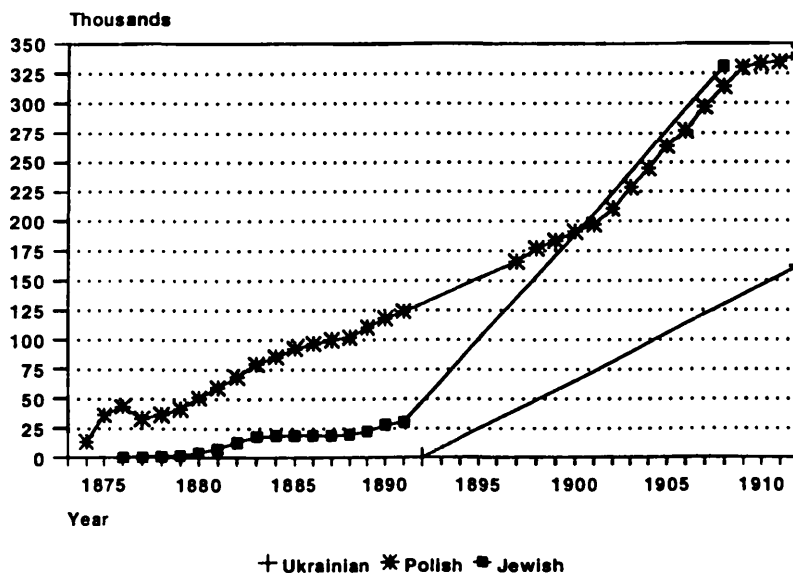
⁹¹ Financial statistics of the Krajowy Związek Stowarzyszeń Zarobkowych i Gospodarczych defined banks as Ukrainian on the basis of the statute's language. The criterion for distinguishing Jewish associations was the confession of the bank's board members. Stanisław Gruiński, *op. cit.*, Lwów 1910, p. 56; Ludwik Caro, 'Lichwa na wsi w Galicyi w l. 1875-1891', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 14/2 (1893), p. 37.

Schultze-Delitsch associations Galicia 1875-1912



Graph 14.

Members of Schultze-Delitsch banks Galicia 1873-1912



Graph 15.

Source: Years 1874-1889: Alfred Zgórski (ed), *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych Galicyi i W. Ks. Krakowskim*; Years 1890-1913: Narcyz Ulmer (ed), *Statystyka Stowarzyszeń Zarobkowych i Gospodarczych w Galicyi i W. Ks. Krakowskim*; Raiffeisen associations: *Rocznik Statystyki Galicyi*, 1900-1912.; Ukrainian associations: *Ekonomist*, 1905-1912.

Our first observation regards the incongruous timing of the formation of the rural credit cooperatives network among Poles, Jews and Ukrainians⁹². In fact, the curve presenting the aggregate development of Schultze banks (see Graph 6), is composed of three separate lines of distinct dynamics. In the 1870s, the associations spread only among the Polish population and their number rose steadily until the next decade. The beginning of the 1880s brought an abrupt halt to the advancement of Polish Schultze banks in the aftermath of the aforementioned bankruptcies of three Galician banks and the subsequent crisis of the Galician financial system. In consequence, country banks limited the amount of loans allotted to the cooperatives which impeded the establishment of new credit associations⁹³. In addition, the downfall of the Galicyjska Kasa Zaliczkowa in Lviv (the largest Polish savings-loans organization) caused the withdrawal of some deposits from rural credit unions in the country.

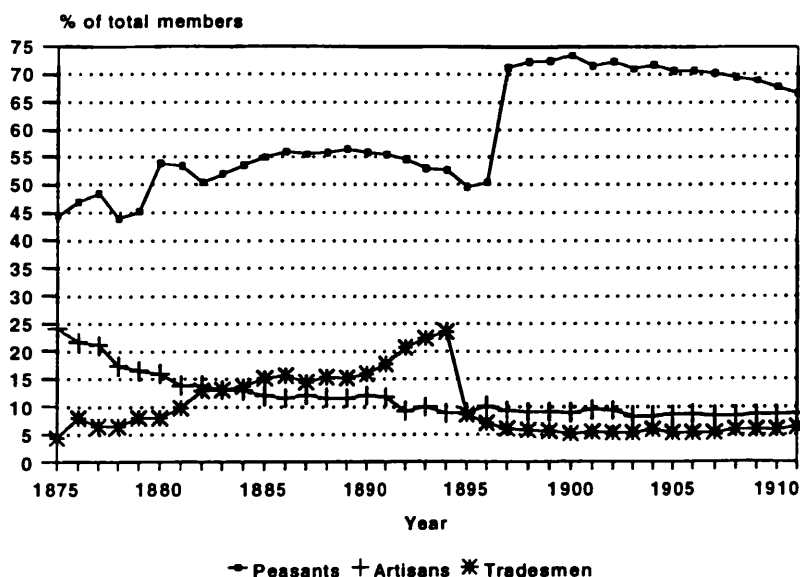
The stagnation lasted until the 1890s, when the former rate of increase was recaptured. At the beginning of the twentieth century, the number of Polish Schultze banks stabilised again - this time because of the swift expansion of Raiffeisen organizations extending credit to the peasantry on more favourable terms. These three phases in the evolution of Polish cooperatives were reflected in the social composition of their members.

⁹² Postwar Polish literature entirely overlooks this phenomenon although it recognizes the role of cooperatives in the shaping of the national movement. Some studies deal with this aspect with respect to the Polish economic associations in the Prussian part of Poland. Thus the Polish cooperative movement is analyzed as a form of the struggle against German economic domination. It may be interesting to note here that Schultze's opinion in this matter was along similar lines although he took the opposite side of the Polish-German conflict. The founder of the credit-savings banks changed his initially liberal attitude at the end of his life and advocated the development of German Schultze-Delitsch banks as an antidote for the Polish national movement. Franciszek Mączyk, 'Spółdzielnie jako instrument walki narodowościowej', in *Kwartalnik Spółdzielczy*, vol. 41 (1981).

⁹³ Alfred Zgórski, untitled article in *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych w Galicji*, vol. (1884), p. 3.

Schultze-Delitsch Associations 1875-1911

Social Composition of Members



Graph 16.

* Until 1900 annual reports of the Krajowy Związek Stowarzyszeń Zarobkowych i Gospodarczych (The Country Alliance of Economic and Savings-Loans Associations) encompassed all credit associations in Galicia. After 1894 Jewish credit associations gradually ceased to send data on the social composition of its members, or classified all of them as 'others'. These members account for missing figures between 1895 and 1900. The data for years 1900-1912 concerns only members of Polish cooperatives associated in The Country Alliance.

Source: Years 1874-1889: Alfred Zgórski (ed), *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych Galicyi i W. Ks. Krakowskim*; Years 1890-1913: Narcyz Ulmer (ed), *Statystyka Stowarzyszeń Zarobkowych i Gospodarczych w Galicyi i W. Ks. Krakowskim*.

Graph 16 shows that in the first phase, Schultze-Delitsch credit cooperatives acquired an increasingly rural character. This process was checked between 1880 and 1890 by a larger increase in clients adhering to the artisans and tradesmen category. The influx of members representing social groups other than peasantry was the imprint left by the rapid development of Jewish banks coupled with the slowdown in the progress of Polish cooperatives. Jews started to establish savings-loans associations later than Poles, therefore until the second half of the

1880s the data does not reveal the distinct social structure of their members. In 1891, the difference was already considerable: peasants accounted for 55.8 per cent of members associated in all Schultze savings-loans banks but their proportion in Polish banks was 64.1 per cent⁹⁴. Hence the dramatic change in members' composition in 1900 - in this year the statistics of the country alliance of Polish cooperatives ceased to include data on Jewish banks (see footnote to Graph 16.)

After 1900, we note a gradual decrease in the number of peasants associated in the banks, the effect of the development of Raiffeisen associations and of other forms of agricultural credit. Schultze banks in Germany underwent a similar evolution. As in Galicia, the ruralization of savings-loans associations occurred mainly at the expense of artisans. The difference was of degree - in 1870 artisans made up 38.4 per cent of German Schultze cooperatives members', in 1905 only 24.2 per cent⁹⁵. Moreover, the development of the German banks encountered a threshold analogous to that which arrested the progress of Polish banks, but the stagnation arrived as early as 1895. In the next ten years, only 11 new cooperatives were created⁹⁶. As a safe generalization it may be concluded that the development of Raiffeisen cooperatives lessened the significance of the Schultze-Delitsch system in the rural financial market. The decline is not visible in the number of members (Graph 15) because, as is shown in Graph 16, Polish banks recruited new associates among artisans, tradesmen and intelligentsia. Thus Schultze-Delitsch cooperatives somehow returned to their original functions as designed by the founder of Schultze system.

The development of Raiffeisen associations did not exert any manifest effects on the progress of Schultze-Delitsch cooperatives among the Ukrainian and Jewish populations. During the first decade of the twentieth century, the number of Ukrainian and Jewish banks by far exceeded the number of Polish banks of the

⁹⁴ Tadeusz Łopuszański, 'Żydowskie stowarzyszenia kredytowe w Galicji', in *Ekonomista Polski*, vol. 13/1 (1893), p. 9.

⁹⁵ Stanisław Tor, 'Tendencje rozwojowe stowarzyszeń kredytowych systemu Schultzego', in *Odrodzenie*, vol. 2 (1910), p. 223.

⁹⁶ Stanisław Tor, *Ibidem*, p. 233.

Schultze system. In the case of the Ukrainians, the reason for this was the perception of the Raiffeisen system as an economic device of Polish nationalism. Ukrainian economists maintained that Polish activists dominated the central institutions of the Raiffeisen movement and used them as a means of the Polonization of the Ukrainian peasantry⁹⁷. The Patronat's policy was being accused of supporting the creation of mixed Polish-Ukrainian associations at the disadvantage of purely Ukrainian cooperatives. Another explanation mentioned by Kost Levytskyi, the most eminent figure in the Ukrainian cooperative movement, was the presumed aversion of Ukrainian peasants towards the unlimited liability principle inherent to the Raiffeisen system⁹⁸. Be this as it may, the fact is that the progress of Raiffeisen cooperatives among Ukrainians was much slower than among Poles. Out of the total number of 1,399 Raiffeisen associations existing in Galicia in 1912, only 423 were registered as Ukrainian⁹⁹. Ukrainian Raiffeisen banks were not only less numerous with respect to Polish ones, but also on average associated less members and advanced less loans. There is no data available on the banks by nationality¹⁰⁰ but we can compare the number of

⁹⁷ Ilya Vytanovych, *op. cit.*, p. 142. Among numerous articles in *Ekonomist*, the organ of Ukrainian savings-loans banks, one can see, Z. Petrushevits, 'Gde i iakie spilki zakladaty', in *Ekonomist*, vol. 6/5 (1908), p. 2; untitled article *Ibidem*, vol. 7/3 (1910), pp. 52-55; 'Iak dr. F. Stefczyk sobi slavu zgotuie' in *Ibidem*, vol. 7/5 (1910), pp. 97-101. According to the last article, the data for four East Galician counties shows that in 1910 one Raiffeisen bank fell on 1,431 Poles and 33,518 Ukrainians. It is difficult to verify the ground for this view; the reason for such disproportion might be due to the sort of self-fulfilling prophecy. The Ukrainians abstain from participating in Raiffeisen banks because they were thought of as serving the needs of Polish leaders of the *Patronate*. Therefore, the number of Ukrainian banks was very low which in turn confirmed the Polonization thesis. It must be admitted however, that the *Patronate's* head, Franciszek Stefczyk, declared on various occasions that the promotion of economic progress among the Polish peasantry should help to retain the 'Polish position' in East Galicia.

⁹⁸ Kostya Levytsky, *Ruski kredytovi hospodarski spilki v Halychyny*, Lwów 1908, p. 9.

⁹⁹ In addition to 400 cooperatives remaining alongside with Polish banks under the custody of the Galician government, there were 23 Ukrainian banks associated under the direction of two independent country organizations (the Krayovyi Soyuz Reviznyi and Zashchita Zemlyi). Ilya Vytanovych, *op. cit.*, p. 143; Franciszek Stefczyk (ed), *Rocznik spółek oszczędnościowych i pożyczkowych systemu Raiffeisena za r. 1913*, Lwów 1913.

¹⁰⁰ Taking into account only geographical location of Raiffeisen banks, in 1909 one bank associated on average 243 members in West and 171 members in East Galicia. Wincenty Badura, 'Spółki oszczędności i pożyczek w Galicji', in *Ekonomista*, Warszawa 1909, p. 88. Average member's savings in West Galicia were two times higher than in East Galicia (704 vs 314 crowns). *Ibidem*, p. 93.

cooperatives in the regions of different national composition. In 1906, the average Raiffeisen bank associated 257 members in the Cracow and 225 in the Nowy Sącz circuit courts while in Kołomyja and Brzeżany (two circuit courts with a predominantly Ukrainian population) corresponding figures were 124 and 164 members. A similar disproportion is discernible with respect to the amount of loans advanced; 117 and 124 crowns per member in Polish territories, and 74 and 81 in the two circuit courts settled by Ukrainians. In aggregate, West Galicia, which accounted only for about 35 per cent of total population, received 58.5 per cent of the total volume of Raiffeisen loans¹⁰¹.

Ukrainian Schultze banks recorded a much better performance than their Raiffeisen counterparts; in 1912, one cooperation associated on average 380 members and advanced 298 crowns per member¹⁰². Thus, the prevailing opinion in the Ukrainian literature was that until the outbreak of the World War I, Raiffeisen banks continued to play a secondary role and that the Schultze system remained the principal form of the Ukrainian cooperative movement¹⁰³.

The other characteristic of the Ukrainian credit network is that it developed about twenty years later with respect to the credit banks associating the Polish peasantry. The first Ukrainian cooperative based on the Schultze-Delitsch system was created in 1893, when the country association of Schultze banks counted already 146 Polish organizations¹⁰⁴. Equally, the formation of the central

¹⁰¹ *Podręcznik Statystyki Galicji*, vol. 8 (1907), pp. 251-252.

¹⁰² Calculated from Cezary Łagiewski, *op. cit.*, p. 94.

¹⁰³ Ilya Vytanovych, *op. cit.*, p. 143. Ukrainian Schultze-Delitsch banks adopted some elements of the Raiffeisen system. The minimal deposit was lower than in Polish Schultze banks and varied between 10 and 20 crowns. Each member could hold an unlimited number of shares, but he was allowed only one vote in the ballot. Andrey Zhuck, *Ukrainskaya kooperatsia v Halychynyie*, Kiev 1913.

¹⁰⁴ The bank Vira in Przemyśl. The statute of German Schultze associations was adopted for the needs of the Ukrainian population by Teofil Kormosh, thus Ukrainian banks were sometimes called 'Kormoshki'. Vira was the first Ukrainian credit association established on the basis of the law of 1873. Before that date, there were some sporadic attempts to create credit cooperatives whose legal foundation was the law of 1867 (the general law on associations) but they did not enjoy much success. The credit association cited as the first Ukrainian bank (notwithstanding the type of statute) was the Vira bank created in Tyśmienica in 1873. Ilya Vytanovych, *op. cit.*, p. 86 and 139; Andrey Kachor. *Ukrayinska molocharska kooperatsia v zakhidnyi Ukraini*, Munich 1949, p.

organization of the Ukrainian cooperative movement came after a similar time gap; *Kraiowi Soiuz Kreditovyi* came into existence in 1898, 24 years after *Związek Stowarzyszeń Zarobkowych i Gospodarczych* was established. This delay in the progress of the Ukrainian cooperative network substantiates the contention that the position occupied by Jews in the credit market in East and West Galicia was conditioned by the ethnicity factor. Albeit more numerous than Polish, Ukrainian Schultze banks associated fewer members and advanced less credit to the peasantry. In 1912, Polish cooperatives had 342,000 members to which they extended 368 million crowns. In the same year, 162,000 members of the Ukrainian cooperatives received about 60 million crowns in loans¹⁰⁶. Since the Ukrainian and Polish peasant population was almost identical, these figures are directly commensurable. True enough, the percentage of peasants was higher in Ukrainian banks¹⁰⁶, but on the Polish side one ought also to include the predominant part of Raiffeisen banks with their 297,000 members and 36 million crowns of loans. Moreover, the credit available in Ukrainian cooperatives was charged with higher (about 1.5 - 2 percent) interest rates¹⁰⁷. Thus, it is clear that cooperative loans to the Ukrainian population in East Galicia challenged Jewish money lenders later and on a smaller scale than in West Galicia.

Savings showing up on the balance sheets of the credit cooperatives encourage us to take up briefly the issue of capital accumulation among the Polish and Ukrainian peasantry. The sum deposited in Ukrainian banks in 1912 was 33.9 million crowns; Polish Schultze banks amassed 119.2 million crowns in the form of members' savings. As in the case of loans, one should add here that savings of Polish peasants constituted also the chief of the 68.3 million crowns deposited in

21.

¹⁰⁶ Cezary Łagiewski, *op. cit.*, p. 94. These figures concern the cooperatives belonging to three country associations: two Ukrainian (*Kraiowi Russki Soiuz Reviziinyi* and *Russki Reviziinyi Soiuz*) and one Polish (*Związek Stowarzyszeń Zarobkowych i Gospodarczych*).

¹⁰⁶ In 1912, peasants accounted for 72 per cent of members in Polish Schultze banks and 86 per cent in Ukrainian banks. *Rocznik Statystyki Galicji*, vol. 8; Andrey Zhuk, *op. cit.*

¹⁰⁷ In 1911, the interest rate in Ukrainian banks varied between 7 per cent (132 banks) and 8 per cent (150 banks). *Ibidem*.

Raiffeisen banks¹⁰⁸. The disparity is consistent with the findings on the volume of loans extended to the Polish and Ukrainian peasantry and points to the analogous interpretation of an ethnicity factor.

The last line in Graph 14 illustrates the development of Jewish Schultze banks. With respect to the Jewish population, the statute of Raiffeisen banks, adjusted for the specific needs of the peasant population and explicitly aimed at the removal of Jewish money lenders, was utterly unacceptable¹⁰⁹. Another obvious cause for the negative attitude of Jews toward Raiffeisen banks was the clergy's participation in the cooperatives' activity. Hence the cooperative movement among the Jews was limited only to the Schultze system. The foundations for the Jewish credit network were laid in the 1880s, that is in the same period that witnessed the temporary stagnation in the progress of Schultze cooperatives among the Polish population¹¹⁰. This divergence may be attributed to different sources of capital available to Jewish and Polish banks. Data on the finances of Jewish cooperatives show that in this period their assets consisted mostly of their members' shares. Foreign capital was represented only by loans from the branches of the Austro-Hungarian bank¹¹¹ while the lending policies of Galician banks probably consciously discriminated against Jewish cooperatives¹¹². Therefore, the

¹⁰⁸ Cezary Łagiewski, *op. cit.*, p. 94.

¹⁰⁹ Most statutes included a paragraph according to which only Christians could become members of the association. Another typical clause in the statutes of Raiffeisen banks was the ban on meetings held by associated members in a Jewish inn. See, for example, paragraph 4 and 11 in Statute of Stowarzyszenie kredytowo-pożyczkowe in Wadowice, 1905, p. 3 (copy in Biblioteka Jagiellońska in Kraków).

¹¹⁰ The first Jewish Schultze bank in Galicia was the Towarzystwo oszczędności i kredytu in Stanisławów, created in 1876. Tadeusz Łopuszański, *op. cit.* p. 5. Domagalski quotes as the first Jewish credit association Darlehens Genossenschaft 'Eintracht' in Tyśmienica. Ignacy Domagalski, 'Szkice o rozwoju i stanie stowarzyszeń współdzielczych w Galicji i Księstwie Cieszyńskim', in *Ekonomista*, vol. 9/4 (1909), p. 9.

¹¹¹ *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych w Galicji i W. Ks. Krakowskim*, vol. 10 (1884).

¹¹² One of the reasons might have been the negative attitude of the Polish economic press towards the activity of Jewish Schultze banks. The lack of Jews in the boards of country banks could also have been of importance. On the latter see, Adolf Stand, 'Położenie żydów w Galicji', *mowa wygłoszona na ankiecie Wydziału Krajowego w sprawie nędzy żydów w Galicji odbyta w*

financial crisis of the country's financial system in the 1880s did not affect them to the same extent as Polish cooperatives. Graph 15 is slightly misleading because it is based only on the reports of those associations which sent data on the members to the country alliance. In the course of time, a growing number of Jewish banks declined to comply with this procedure, which explains why the shape of the curve is too flattened (in 1891, for example, out of 98 existing Jewish associations only 73 sent their financial accounts to the alliance)¹¹³.

The real take-off of the Jewish cooperative movement started in the 1890s. In some years, the statistical journal edited by Związek Stowarzyszeń Zarobkowych i Gospodarczych noted (with growing concern) the creation of 40 or 50 new Jewish Schultze banks. Until the end of the nineteenth century, the extent of the Jewish credit network by far surpassed that of Ukrainian and Polish associations, in spite of the increasing country's financial support to the latter. In the first decade of the twentieth century, the association movement among the Jews did not only lose any momentum but even increased its already very high pace. The peak came in 1909, 105 new banks were created in the first six months of the year¹¹⁴.

The distinct dynamics in the progress of Jewish Schultze banks is not the only feature which makes them emerge as a phenomenon that needs to be approached from a different perspective than Polish and Ukrainian banks. Taking into account the occupational profile of the Jewish population, it may be assumed *a priori* that Jewish credit banks did not come into being with the aim of extending credit to the Jewish peasantry. Nevertheless, the prominent characteristics of the Schultze system were such that we may easily conceive of the banks advancing loans to Jewish artisans and tradesmen. In fact, such a

dniach 23-25 01. 1911, Lwów 1911, p. 16. In the 1880s, Jews were largely represented among the officials employed by non-Galician banks. In 1897 however, with the exception of the Akcyjny Bank Hipoteczny, there was no single Jewish official in country banks or in Galician branches of the Viennese banks. Ignacy Schiper, 'Żydzi w bankowości i kredycie', in Ignacy Schiper, Aleksander Hafftko and Arieħ Tartakower (eds.), *Żydzi w Polsce Odrodzonej: działalność społeczna, gospodarcza, oświatowa i kulturalna*, vol. 2, Warszawa 1932-33, pp. 459-460.

¹¹³ Tadeusz Łopuszański, *op. cit.*, p. 9.

¹¹⁴ *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych w Galicji i W. Ks. Krakowskim*, vol. 35 (1909).

phenomenon is widely appreciated in the literature on middleman minorities. The classic line of reasoning leads one ultimately to the interactions between the ethnic solidarity of the minority and the hostility arising in the resident society. Rotating credit associations allowed the minorities' members to assist each other through loans in the cases where they were faced with the discriminatory lending practices of the credit institutions existing within broader society¹¹⁵. The very nature of the middleman position encourages a high degree of intra-group organization, especially when the discrimination is combined with the strong competition of the majority¹¹⁶. Credit associations and savings-loans banks also constitute a very significant component of ethnic solidarity for the middleman minority itself. In accordance with this view, the timing of their introduction into the Jewish economics in Galicia would be connected with the reinforcement of Jewish ethnic solidarity threatened by the encroachment of a 'third party' into Jewish branches. The banks would serve mostly the needs of Jewish merchants and artisans rather than Ruthenian or Polish peasants. In this context, the formation of banks may be understood as a response to the attempts at breaking Jewish monopolies in Galicia and to the subsequent decline in the economic standing of the Jewish group.

The fragmentary nature of the data on Jewish cooperatives does not allow a straightforward corroboration of this hypothesis¹¹⁷. It is also hard to find an explanation in the existing studies of the Galician economic history. Post-war Polish literature paid very scant attention to the Jewish cooperative movement, though, unlike the case of Polish Schultze banks, this time the reason lies in the

¹¹⁵ This form of credit institution is typical of minorities over-represented in small business. The description of rotating credit associations among Koreans, Japanese and Chinese may be found in Ivan Light, *Ethnic Enterprise in America: Business and Welfare among Chinese, Japanese and Blacks*, Berkeley/Los Angeles 1972.

¹¹⁶ Edna Bonacich and Jonathan Turner, 'A Composite Theory of Middleman Minorities', in *Ethnicity*, vol. 7 (1980), p. 152.

¹¹⁷ Unlike their Polish and Ukrainian counterpart, two Jewish country alliances (*Powszechny Związek na własnej pomocy opartych galicyjskich stowarzyszeń zarobkowych i gospodarczych* created in 1903 and *Związek Wschodnio-Galicyjski* created in 1904 did not include any statistical data in cooperative press.

general absence of studies on Polish-Jewish relations. Nonetheless, there was no consensus over the undertakings of the Jewish banks even among contemporary economists. The only common denominator was a negative evaluation of their activity, but the arguments indicated were quite divergent. Jewish scholars tend to criticize them for two reasons - making unjust profits on compatriots and contributing to the ruthless competition within the Jewish group. According to this view, Schultze banks were strictly private ventures which tarnished the image of the 'real' Jewish cooperative movement¹¹⁸. Leaving aside whether true or not, this conviction was in tune with the presumed intra-ethnic character of the Jewish banks. We may note here that this negative attitude was expressed most often by representatives of the Jewish national movement and that in fact it stemmed from the analogous positions as did the opinions on Polish Schultze banks. However, the argument of Jewish economists rested also on an element that can not be disregarded as a purely doctrinal approach. Critiques of the Schultze banks pointed out that a more proper form of credit association for the Jewish population would be the JCA (Jewish Colonization Association), credit cooperatives based on self-help principles¹¹⁹. The situation of the Jewish cooperative movement in Russia served as a model of such a solution: in 1908, out of the total number of 459 Jewish credit cooperatives, 226 were created under the auspices of the JCA¹²⁰. In the same year, there were only 20 JCA organizations in Galicia with a mere 14,000 members¹²¹. The contrast is striking if one compares this number

¹¹⁸ K. Kolischer, *op. cit.*, Lwów 1900, p. 40; Abraham Korkis, 'Die Wirtschaftliche Lage der Juden in Galizien' in *Zeitschrift für Statistik und Demographie der Juden*, vol. 2 (1907); Abraham Prowalski, 'Spółdzielnie żydowskie w Polsce Odrodzonej', in Ignacy Schiper, Arie Tartakower and Ignacy Hafftko (eds), *op. cit.*, vol. 2, p. 592; Józef Tennenbaum, *Żydowskie problemy gospodarcze w Galicji*, Wien 1918, p. 84; Ignacy Schiper, 'Żydzi w bankowości i kredycie', in Ignacy Schiper, Aleksander Hafftko and Arie Tartakower (eds.), *Żydzi w Polsce Odrodzonej: działalność społeczna, gospodarcza, oświatowa i kulturalna*, vol. 2, Warszawa 1932-33, p. 461.

¹¹⁹ The Jewish Colonization Association was established in 1891 by Baron Hirsch as a foundation with the aim of financing the Jewish cooperative movement. JCA cooperatives in Galicia were sponsored by the Viennese branch of the foundation. Adam Prowalski, 'Spółdzielnie żydowskie w Polsce', in *Sprawy Narodowościowe*, vol. (12-3), p. 304.

¹²⁰ Hugo Nathanson, 'Die judische Spar- und Darlehenskassen in Russland und Galizien', in *Zeitschrift für Demographie und Statistik der Juden*, vol. 6/12 (1910), p. 186.

¹²¹ Calculated from Stanisław Gruński, *Materiały do kwestii żydowskiej*, Lwów 1908, Table XLVI, pp. 72-73.

to about 700 Jewish cooperatives registered on the basis of the Schultze statute.

Perhaps the explanation lies in a second interpretation ascribed to the functioning of Jewish cooperatives. Polish observers held that Jewish banks were nothing else but the institutional outcome of the build up of usurious capital. In contemporary economic works one could find two versions of this interpretation. On the one hand, Jewish banks were accused of lending money to Jewish lenders who turned them into usurious loans¹²². The other version concentrated on the lending of assets deposited by Jewish usurers directly to the peasants¹²³. In this case, the morally doubtful sources of credit were linked to the higher interest charged on the loans and to the lack of debtors' influence on the cooperative board's decision, which was contrary to the Schultze statute. Moreover, since the statutes and names of Jewish banks were often composed in German, they were also being accused of an anti-Polish attitude. Thus, the spread of their activity was perceived as a direct threat to both national consciousness and the economic well being of the peasantry¹²⁴.

Despite the distorting impact of national ideologies, both interpretations seems to be worth considering. In order to test their validity we shall formulate them in relation to the available data. Different workings of Jewish banks should be reflected in the social composition and nationality of their customers and by the structure of their capital assets. The intra-ethnic concept and the first version on the 'usurious' interpretation implies predominantly Jewish composition of the members; in the case of direct lending to Poles and Ukrainians, the members would be mostly Polish and Ukrainian peasants. The demarcation with respect to

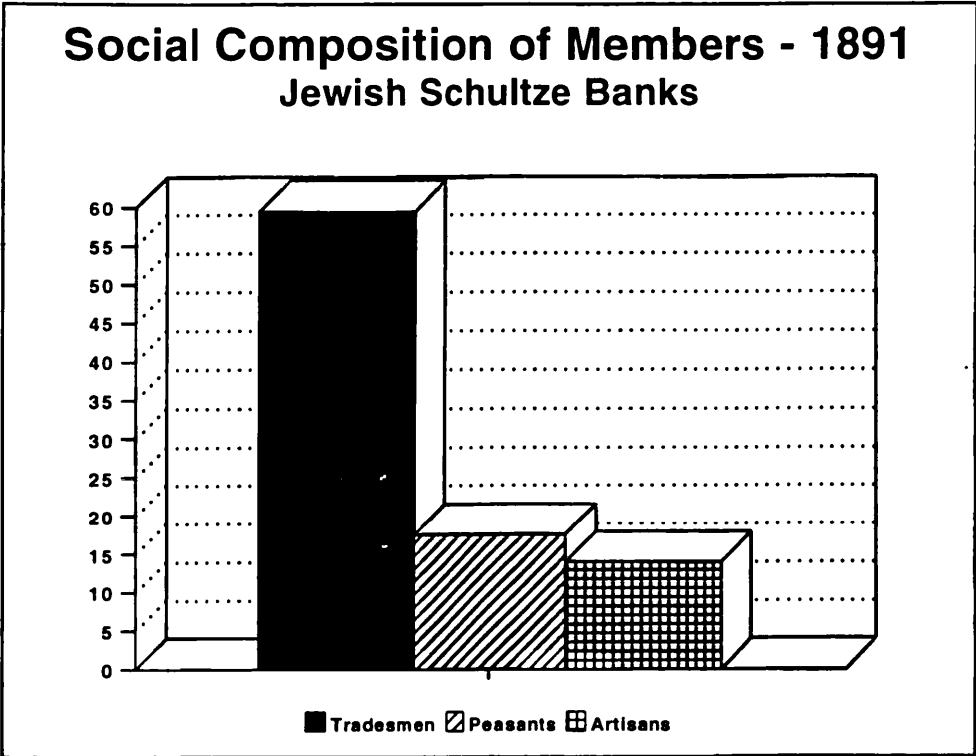
¹²² Leopold Caro, 'Lichwa na wsi w Galicji w l. 1875-1891', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 14/2 (1893), p. 37; Tadeusz Łopuszański, *op. cit.*, p. 41.

¹²³ Franciszek Bujak, *Jewish Question in Galicia*, Paris 1918, p. 19; *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych*, vol. 36 (1909); *Ibidem*, vol. 37 (1910).

¹²⁴ The journal of the Country Alliance of Savings-Loans Associations consequently maintained that the 'jewishness' of these banks came only from the confessional composition of their boards, whereas their creditors were recruited mostly from among the peasants. Editorial in *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych w Galicyi i W. Ks. Krakowskim*, vol. 16 (1889); untitled article in *Odrodzenie*, vol. 2 (1910).

the capital assets is derived from the distinct nature of commercial and rural credit. Typical loans extended to Jewish artisans and tradesmen would be granted for a significantly shorter term than the loans extended to the peasantry. The registers of Jewish banks should have recorded this fact in the form of a relatively greater money turnover by the same ratio of capital assets.

The first and more complete set of data on the activities of Jewish banks concerns the year of 1891, which marks the first phase in the formation of the Jewish credit network.



Graph 17.

Source: Tadeusz Łopuszański, 'Żydowskie stowarzyszenia kredytowe Galicyi', in *Ekonomista Polski*, vol. 13 (1893/1), pp. 14-15.

The social profile of the members associated in the Jewish banks seems to be in tune with the intra-ethnic hypothesis. Yet, it is not possible to conclude whether the loans ended up in the pockets of needy Jewish tradesmen providing

them with the means for carrying out their commercial activity, or whether they found the way to the private money lenders. The ethnic solidarity concept presumes that the rationale of intra-ethnic economic organizations lies in the resistance to the resident society's discrimination and in the promotion of economic sectors occupied by the middleman minority. In this context, it is strange to find such a large disproportion in the territorial location of the banks: in 1891 there were 90 Jewish Schultze banks in East and only 8 in West Galicia¹²⁵. One would have expected rather the opposite, a banking preponderance in West Galicia linked with the more advanced stage of modernization enjoyed by the Polish peasantry there. Earlier construction of railways, resulting in the deterioration of the well being of Jewish middlemen, supposingly added to the pressure on the economic activities of the Jewish group in West Galicia. At the beginning of the 1890s, the Ukrainian peasantry had hardly begun to associate themselves in cooperatives and it is difficult to conceive of any influence this might have exerted on the economic activities of the competing Jewish tradesmen. Under normal conditions, the Jews could make use of trade networks and credit devices inherent to Jewish economic activities for centuries.

The presence of Jewish artisans in Schultze banks is easier to explain. The competition of cheap industrial goods imported from economically more advanced provinces of the Empire exposed them to the peril of losing their means of existence. Loan assistance from the Schultze banks could have helped them to mitigate financial losses. Nevertheless, the percentage of artisans was too low in comparison with their proportion in the occupational structure of the Jewish population. Besides, from the figures on the social composition of Jewish migrants overseas (presented in Chapter 2), it may be judged that the economic situation of the representatives of various crafts declined in a greater degree than that of tradesmen. Accordingly, a disproportionally higher share of artisans would conform better with the ethnic solidarity concept.

The next issue is the source of capital assets standing at the banks disposal.

¹²⁵ Tadeusz Łopuszański, *op. cit.*, p. 8.

The principal respect which distinguished Jewish banks from Polish cooperatives was the higher proportion of their own capital. The average share per member was 25 crowns in Polish and 37 crowns in Jewish banks¹²⁶. The members of the Jewish banks accounted for 19.5 per cent of total members associated in Schultze cooperatives; yet they accrued 25.5 per cent of savings, constituted 30.3 per cent of holdings with their own capital and extended 31.5 per cent of loans¹²⁷. It seems reasonable to attribute the difference not only to the discriminatory practices of the Galician banks but also to the greater capital accumulation among the Jews. It is likely that a substantial part of these assets came from the resources of Jewish money lenders. In the country, with few investment opportunities, some of them may have found a 10 per cent rate of interest on deposits more attractive than the insecure and laborious task of lending to the peasantry. Another reason could be the benefits granted by the Austrian legal system to associations as stipulated in the law of 1873. The Reichstag's enactments of 27 December, 1880 and 14 April, 1884 introduced tax reductions for associations employing self-help principles and confining their statute and actual activities to the members¹²⁸. The coincidence with the rapid expansion of the Jewish credit cooperatives would be then comprehensible as an outcome of the Jewish capital influx attracted by favourable (and legal) returns.

In short, the evidence regarding the first period of the Jewish cooperative movement's evolution adheres to the hypothesis concerning its intragroup character. The precise meaning of the banks' workings is unclear; it should be noted though, that they reveal, if anything, a very loose linkage to the classic middleman minority organisation based on the ethnic solidarity concept. Finally, some evidence indicates that the second version of the 'usurious' interpretation can not be straightforwardly refuted - among the members of Jewish Schultze banks

¹²⁶ The calculation does not include the 'Towarzystwo Wzajemnego Kredytu' in Cracow, which associated mostly large landowners. *Ibidem*, pp. 16-17.

¹²⁷ *Ibidem*, p. 25.

¹²⁸ The tax laws of 1896 and 25 October, 1906 confirmed earlier regulations and protected the associations (described in the law of 1906 as enterprises to the public good) from excessive taxation. 'Memoriał Krajowego Związku Stowarzyszeń Zarobkowych i Gospodarczych do Ministerstwa Skarbu', in *Odrodzenie*, vol. /1 (1909), p. 1.

one may also find 17.6 per cent of peasants, proof that at least some banks lent money beyond its co-ethnics.

Subsequent evidence on Jewish credit unions is available for the year 1908. The Galician government commissioned a survey on the economic standing of the Jewish population; one of the elements taken into consideration was the functioning of the Jewish cooperative organizations. Stanisław Gruński, who carried out the study, knew the research done in 1891 and composed it in such a way that the results were strictly commensurable with those obtained 27 years earlier. The only difference was lack of data on the social composition of members which could not be found in the existing statistics.

Nonetheless, in the first place we shall refer precisely to the members: this time not to their composition but to their number. Gruński's work concerned 520 Jewish banks which altogether associated 331,000 members. The data for a further 171 banks were not available; assuming that their average size was akin to that included into the statistics, we arrive at the figure of 432,000. This figure seems reasonable since according to another estimation done in 1912, Jewish banks had about 505,000 members¹²⁹. We can relate this to the number of potential associates in the Jewish population - in 1910, the total Jewish labour force was 327,000¹³⁰. Taking into account that this figure includes categories of population that usually do not take part in the cooperative movement - like servants, workers, land holders, apprentices, learners in trade and helping family members - the maximum estimation of Jewish members of the credit banks would be around 140,000¹³¹. This means that at least two out of three members in Jewish banks were non-Jews. The large participation of non-Jewish members makes Galician credit banks stand out with respect to the cooperative movement among the Russian Jewry. In 1911, Jews constituted 86.2 per cent of the 300,000

¹²⁹ Cezary Łagiewski, *op. cit.*, p. 94.

¹³⁰ Calculated from Józef Tennenbaum, *op. cit.*, p. 42.

¹³¹ This figure has been calculated as the sum of self-employed in industry, trades and commerce, public services and professions.

members associated in 595 credit cooperatives existing in Russia¹³².

The most likely hypothesis is that foreign members of Jewish credit banks in Galicia were Polish and Ukrainian peasants. The confirmation of this fact may be found in numerous articles published in Polish and Ukrainian cooperative press¹³³. The national and confessional divisions in the artisanal organizations dating back to the sixteenth century prevented a common membership of Jewish and non-Jewish artisans in the credit banks. The Polish intelligentsia was associated in Polish Schultze banks, while the size of this group in the Ukrainian population was too derisory to play any significant role. Finally, there is an argument for the sheer size of the peasant strata in both Polish and Ukrainian populations - in 1910, 73 per cent of Poles and 91 per cent of Ukrainians still earned their living in the agrarian sector.

Over the course of 27 years, Jewish banks underwent quite a dramatic evolution. The intragroup concept can no longer be sustained - in 1908, the principal function of the banks was direct lending to the non-Jewish population¹³⁴. Still, it does not mean that one should completely disassociate oneself from viewing these institutions as Jewish credit organizations. Undoubtedly, some of them were extending loans to the Jews, but the point of gravity moved toward furnishing credit services to the host population. The shift in the workings of the Jewish banks was accompanied by their increased role on the rural financial market. In 1908, 36.7 per cent of members associated in

¹³² Leo Rosenberg, 'Vom ostjudischen Handel', in *Der Jude*, vol. 3 (1918), p. 313.

¹³³ See, for example, A. Z., 'Kto kogo rabuye', in *Ekonomist*, vol. 8/12 (1912), pp. 217-218; untitled article, in *Ibidem*, vol. 7/3 (1910), p. 63; A. Z., 'Zhidovski zarobkovo-gospodarski stovarysheniya v Halychyny v 1908 r.', in *Ibidem*, vol. 7/8-9 (1910), p. 201. In the latter publication A. Z. (most likely Andrey Zhuck, one of the leaders of the Ukrainian cooperative movement) quotes the introduction to the statistical annual of the Jewish country association of Schultze banks in which the authors advise to limit the number of peasant members and attract more Jewish tradesmen. "The members of these institutions are peasants, but the proprietors Jewish families who hold all the places in the offices" - wrote Bujak. Franciszek Bujak, *op. cit.*, p. 19. A similar opinion is expressed in Stanisław Wojciechowski, *Historia spółdzielczości polskiej do 1914 roku*, Warszawa 1939, p. 110.

¹³⁴ This can also be seen in the fact that in some hamlets counting no more than one or two thousand inhabitants one could find seven or eight Jewish savings-loans banks.

Schultze cooperatives were affiliated to Jewish banks - in comparison with 1891 an increase of almost two times. The share of Jewish banks in the sum of loans grew to a similar scale, from 30.1 per cent to 58.4 per cent¹³⁵. Much smaller was the increment in the proportion of savings, from 25.5 to 37.3 per cent, and members' shares, from 22.4 to 30.7 per cent. The contrast between the amount of loans on one hand and deposits (savings and shares) on the other is striking, because typical savings-loans associations should have a higher proportion of their own capital. In reality, this disparity was even wider since the data on loans was available for only 396 banks (out of 689 existing), while the data on deposits concerned 520 credit associations. The share of foreign capital in Jewish banks was 38 per cent as opposed 27 per cent in Polish banks, which received substantial help from the country's financial institutions¹³⁶. A comparison with Russia may be of better use - in 1909, the share of foreign credits in Jewish cooperatives was 13.6 per cent and decreased three years later to only 2.9 per cent¹³⁷. Apparently there was a link between the shift in the activities of the banks and the relative drop in the proportion of the deposits of its members in the overall banking capital. The capital endowment of Polish or Ukrainian peasants joining the bank was presumably substantially lower than that of a Jewish tradesman. Therefore the ratio of savings and shares deposited in Jewish banks more closely corresponded to their share in the total number of credit unions members, while in 1891 it was significantly higher. However, the explanation viewing the relatively higher increase in the proportion of own capital, as a main cause of the shift in the capital structure seems to be a more plausible solution. The author of one of the articles published in the Ukrainian journal *Ekonomist* maintained that 90 per cent of the savings accumulated in the Jewish banks belonged to Jewish

¹³⁵ Stanisław Gruński, *op. cit.*, Table LIV.

¹³⁶ Gruński only makes the distinction between Christian and Jewish Schultze cooperatives. However, he used as a source the statistics of the Polish country alliance of cooperatives, which provided only partially exact data on Ukrainian associations.

¹³⁷ Adam Prowalski, *op. cit.*, p. 304.

merchants (in 1908)¹³⁸. This statement, although difficult to be verified, may be at least partly true. If we leave aside the proportion of savings in the total capital it turns out that Jewish banks had almost two times a higher level of savings per capita than Polish banks and three times higher than Ukrainian banks. Most of the Jewish banks were located in East Galicia¹³⁹, therefore it is hard to conceive of any reasons contributing to such a high savings rate among the Ukrainian peasants, especially in regard to low per capita savings in purely Ukrainian banks. They would be rather more distrustful towards Jewish banks and would prefer to limit financial contacts with them to necessary loans. The logic conclusion we remain with is that high interest rate and dividends attracted capital assets owned by Jewish entrepreneurs and merchants. On the other hand Jewish commercial relations made available to Jewish credit unions foreign capital in Galician branches of the Viennese banks, through rediscount operations. Jewish Schultze banks made extensive use of bills belonging to Austro-Hungarian Bank and Viennese Credit Anstalt, and of bills owned by private Jewish discounters residing in Galician cities¹⁴⁰.

The very high percentage of loans extended by Jewish banks requires a different justification. Simply put, when the same amount of capital serves more borrowers, the difference lies in the higher turnover. Capital turnover in the credit association is conditioned by the term for which loans are granted. Thus, the logical conclusion is that Jewish banks extended credit for significantly shorter term than their Polish and Ukrainian counterparts. The ground for such behaviour would be self-evident had the credit reached Jewish tradesmen or artisans; in the case of lending to the peasant, the rationale must be identifiable with higher profitability. Jewish credit associations would then be nothing else but regular

¹³⁸ A. Z., 'Zhidoivskiy zarobkovo-gospodarskiye stovarysheniya v Halychyny', in *Ekonomist*, vol. 7/8-9 (1910), pp. 201-202.

¹³⁹ In 1910, out of 248,000 members registered in one of the two Jewish country associations 183,000 belonged to the cooperatives in East Galicia. *Ibidem*, p. 201.

¹⁴⁰ Ignacy Domagalski, op. cit., p. 42; Franciszek Stefczyk, *Rolnicze stowarzyszenia pożyczkowe*, Warszawa 1914, p. 120.

rural banks. Accordingly, the interpretation that should be given to their development is framed in the purely commercial character of the venture. Jewish banks made profits in three ways, depending on the source of capital they used. Interest collected from the lending of the banks' own capital is inherent to any banking activity and there is no reason to expect that Jewish banks would behave differently. The second method employed the foreign capital drawn from the Galician branches of Viennese (and Bohemian) banks and from private Jewish merchants. Jewish credit associations benefited from the differential between the interest on credits extended to them by other public lenders and the interest obtained from subsequent loans to private borrowers. In the first section of the paper we have referred to the discriminatory practices of the country banks; it has been noted however, that this observation did not concern the Austrian credit institutions in Galicia. At the end of the nineteenth century, Jewish banks had no difficulties in finding credit sources due to the combination of the extension of the Austrian financial network into Galicia with the high supply of money. In 1900, out of 46 branches of the central Austro-Hungarian Bank, 10 operated in Galicia alongside the branches of Credit Anstalt and other great Viennese banks¹⁴¹. The prosperity of the first decade of the twentieth century (which ended with the crisis of 1912) accounted for the second factor, that is, for the abundant supply of bank credit¹⁴². Thus the outburst in the Jewish cooperative movement would be linked to this particular configuration of circumstances on the Galician (and Austrian) credit market. Nevertheless, most banking loans were extended to Jewish cooperatives on normal, commercial principles, that is usually they were granted for a short term only. This observation applies even in a greater degree to the loans from private Jewish merchants. Accordingly, Jewish banks were forced to build their credit activity upon short term loans. This, in turn, could have contributed to a higher, than among non-Jewish credit cooperatives, rate of capital turnover.

¹⁴¹ Roman Rybarski, *Organizacja kredytu przemysłowego w Galicji i Królestwie Polskim*, Kraków 1911, p. 8.

¹⁴² In 1909, the interest rate on bank credits in Galicia was only 4 per cent. Józef Tenenbaum, *op. cit.*, p. 82.

Modifications of the original Schultze's statute were the third source of Jewish profits. Most often the statute provided the Jewish members of the board with some interest on the value of the loan extended to the debtor. Usually the person entitled to the extra profits were the bank's director, cashier and controller. Their position was further secured by a paragraph which practically did not allow to remove them from the occupied posts¹⁴³. In addition, the banks required high deposits from potential members before granting them a loan. The deposits varied from 60 to 80 crowns in comparison to 20 crowns threshold in Polish and Ukrainian Schultze banks¹⁴⁴. The right to some interest derived from the loan value did not depend on the term on which the loan was granted; thus, one may find here one more reason for the tendency towards maximizing the turnover of loans in Jewish banks. The introduction of all these changes was possible due to the liberal spirit of law on associations which did not specify neither the interest charged nor the salaries of board's members. Until 1903 Jewish banks did not belong to any country association and therefore they did not undergo any control from outside¹⁴⁵. When Austrian legislators enacted in 1903 the obligation of such control, Jewish banks founded separate country alliance which did not publish any significant data on their financial operations.

It is also remarkable that the strategy of Jewish banks did not resemble that of private lenders, that is forcing the debtors with cash constraints to financial default and taking over undervalued collateral (land). An analysis of auctions announcements in *Gazeta Lwowska* shows that Jewish banks had a better loan repayment performance than Polish and Ukrainian credit cooperatives. In 1900, for example, there were only 12 cases of auctions carried out for debts granted by the Jewish cooperatives, whereas the corresponding number for

¹⁴³ Stanisław Wojciechowski, *op. cit.*, pp. 108-109; Ignacy Domagalski, *op. cit.*, p. 10.

¹⁴⁴ Data for Pokucie, the East Galician region most densely settled by the Jewish banks. The members of the board were usually entitled to 4 per cent interest rate on every loan granted. The resulting total costs were about 90 crowns for 450 crowns loaned by the banks. Ignacy Domagalski, *op. cit.*, p. 63; A. Z., 'Zhidovskiy zarobkovo-gospodarskiy stovarysheniya v Halychyny', in *Ekonomist*, vol. 7 (1910), pp. 201-202.

¹⁴⁵ In 1900 out of 420 existing Jewish Schultze banks only one (in Skalat) belonged to the country association. Stanisław Wojciechowski, *op. cit.*, p. 110.

Christian cooperatives was almost seven times greater.

The territorial location of Jewish banks once again conforms well to the weight given to the ethnicity factor. 81.7 per cent of were situated in East Galicia; the prevailing part of the remaining 18.3 per cent lay in the West Galician regions of a mixed population Polish and Ukrainian population¹⁴⁶. The characteristics of the main areas of Jewish credit activities may serve also as an indirect proof that the banks extended loans to the peasantry. The greatest concentration of credit associations was to be found on the territory of the Brzeżany circuit court, an agricultural region with a very low proportion of urban population.

The conclusions one can draw from the analysis of the credit market refer to various aspects of the economic development of Galician agriculture. In the first place, there is the issue of the links between the evolution of the financial market's structure and capital formation in the agrarian sector. The deficiency of banking services accessible to peasants emphasises the importance of loans extended by informal money lenders and cooperatives. The development of credit associations was typical also of German, French or Hungarian agriculture, but it was accompanied by the more substantial state support through the banking system. Apart from that, in all these countries peasants had the access to a variety of standard banking credit services¹⁴⁷. In Galicia, the financial weakness and conservative policies of country banks did not allow them until 1900 to engage in 'any sort of such an activity'¹⁴⁸. Thus, if it is acknowledged that the impact of

¹⁴⁶ Calculated from Stanisław Gruński, *op. cit.*, Table LII, p. 79.

¹⁴⁷ In Germany in 1870 four large banks created the Prussian Central Land Credit Company, a joint stock organization whose loans by 1912 were over 90 per cent to small landowners. The Bank of France began to subsidize rural credit institutions in 1896 and in 1899 nine regional credit banks were set up as an additional protection for local 'syndicates'. Finally, in 1879 in Hungary the government created The National Small Holdings Land Mortgage Institute designated for financial help to small landowners. Alan S. Milward and S. B. Saul, *The Development of the Economies of Continental Europe 1850-1914*, London 1977, pp. 58-59.

¹⁴⁸ 'Uwagi o polityce bankowej', referat wygłoszony na II Zjeździe Przemysłowców, Kraków 1917, pp. 42-45. Baltazar z Bogut Bogucki, *Banki galicyjskie wobec uprzemysłowienia Galicji*, Kraków 1904, p. 11.

the network of rural credit institutions in Germany was as sizeable as that of major joint stock bank operations¹⁴⁹, then the part played by them in Galicia in the process of capital formation was even more significant. Particular weight should be attributed to the credit network of the Schultze system. It has been proved that from the mid 1880s until the beginning of the twentieth century, Schultze-Delitsch savings-loans cooperatives were the major credit institution co-existing with the informal money lenders in the rural financial market. Since it was a period in which some authors place the first stirrings of economic growth in the Galician agriculture, the assessment of their role should be re-examined. The contention following this section of our study appears to refute the view denying any considerable economic significance of Schultze banks, or confining their role to the economic assistance of petty bourgeoisie.

The second level of analysis concerns the part played by Jewish economic activities in the economic changes affecting Galician agriculture. In the light of the evidence, it is tempting to concede to the negative opinion of Jewish credit associations: contrary to the critique, however, they might have exercised a positive influence in the rural financial market due to the channelling of the greater part of Jewish assets into the agrarian sector. Given the initial situation of Galician agriculture, the importance of this capital flow can not be underestimated. After the abolishment of serfdom, the Jews were the only sizeable social group endowed with capital and knowledge of its commercial use. The outcome would somehow resemble the path of economic development envisaged for Galicia by Stanisław Szczepanowski. One of the chapters of his well-known book on the 'Galician misfortune' is dedicated to the Jews; besides praising Jewish entrepreneurship Szczepanowski asserted that the combination of Jewish capital and Polish labour could have led not only to the peaceful co-existence of the two nations but also to the onset of economic development in Galicia¹⁵⁰.

Another issue regards the ties between ethnic groups and commerce. In this

¹⁴⁹ Alan S. Milward and S. B. Saul, *op. cit.*, p. 49.

¹⁵⁰ Stanisław Szczepanowski, *Nędza Galicji w cyfrach*, Lwów 1878, pp. 65-80.

instance, the conclusions are tentative; it will be the role of the ensuing chapter to substantiate them with evidence. The point of departure is the contention regarding the interlinked nature of credit transactions carried out by informal money lenders in backward agricultural economies. The specific task of this section was to fit the Jewish economics into the broader picture of the rural credit market. The contention is that Jewish capital, under the form of loans from private lenders or loans from Jewish banks, played a very substantial role in the supply of credit to the peasantry. The loans extended by private lenders, according to the concept of interlinked markets and the scattered evidence to be found in contemporary economic and statistical works, were bound to the transactions carried out in the labour and agricultural product markets. This in turn was likely to lead to the rapid commercialization of Galician agriculture and the abandonment of subsistence farming. Jewish lenders presumably possessed better knowledge of market factors and could have forced the peasant through the loan contracts to commercialize his land holding. This might have been done by the introduction into the credit transaction of staples that were more profitable from the lender's point of view like cash crops or livestock tending. The change would have been perceivable in the selection of the crops and in the volume of market oriented agricultural production.

The evidence collected in the preceding chapters indicates that the volume of intermediary services supplied to the agrarian sector was unproportionally high with respect to the volume of the agrarian product. The high percentage of the Jewish minority, combined with the nature of their economic activities, high demographic pressure and the pattern of Jewish territorial settlement helped to produce this disproportion. In some regions, the percentage of Jews significantly exceeded the threshold of 10 per cent, which is far above the size typical of other middleman groups¹⁵¹. The side effect of this over-concentration of Jewish economic activities in the agrarian sector might have been the increase in the number of auctioned land holdings in East Galicia. The means of existence of the Jews depended on two factors: their ability to market any surplus in the

¹⁵¹ In 1910, Jews accounted for more than 15 per cent of the total population in Brody, Tarnopol, Kołomyja, Stanisławów, Drohobycz, Stryj and Tarnów counties.

agricultural product, and their position on the rural credit market. The link between the two markets was a natural consequence of this situation. As a result, it was the volume of loan transactions which implied the economic standing of the Jewish group deriving its income from the agrarian sector. Since, as it has been shown, Jewish lenders retained their position in East Galicia for a significantly longer period than in West Galicia, we can understand the difference in the number of peasant land holdings auctioned in two parts of the country. Moreover, it may be assumed that in the course of time growing difficulties in finding means of existence and the steady increase in the land prices encouraged lenders toward forcing more frequently the default of the debtor.

The importance of the rural credit market for Jewish economic activities emphasises the part played by economic factors in the ethnic conflict. The engagement of peasant organizations in credit activity denotes the end of complementary character of the functions fulfilled by Jews in the economy. 'Complementary' signified functions which the indigenous population was not able to fulfil by itself to a sufficient degree. As noted by Ludwik Petrażycki, eminent Polish jurist and sociologist, this complementarity characterised Jewish economic activities in pre-partition Poland¹⁵². The abolishment of serfdom and the subsequent transition from natural to money economy entailed the overlap of broader society's and minorities' economies. We have traced this process in Galicia, where in the course of time credit services became a domain within which Jews and peasantry were competing. The spread of peasant credit cooperatives constituted a direct threat to Jewish economic standing. Jewish publicists expressed such a view repeatedly and came to regard it as one of the factors contributing to the decline in the economic well being of the Jewish population¹⁵³. Thus, in the period under investigation, ethnic conflict developed

¹⁵² Ludwik Petrażycki, *O dopełniających prądach kulturalnych i prawach rozwoju handlu*, Warszawa 1936, pp. 6-7, quoted after Jacob Goldberg, 'Poles and Jews in the 17th and 18th Centuries. Rejection or Acceptance', in *Jahrbücher für Geschichte Osteuropas*, vol. 22 (1971), p. 249.

¹⁵³ Józef Tennenbaum, *op. cit.*, p. 72; Siegfried Fleischer, 'Enquete über die Lage der jüdischen Bevölkerung Galiziens', in Arthur Rupp (ed), *Jüdische Statistik*, Berlin 1903, p. 219.

along the lines determined by the relations between the Jewish economics and the economic activities of the peasantry. A similar interplay of economic and nationalistic factors took place at the end of the nineteenth century in Kurhesses, a state stretching south of Hannover. Unlike other German Jews, Kurhessian Jews remained in the countryside, involved in peddling, cattle trade and credit services, up to this century. As in Galicia, they made profits on land speculation and usury. As a result, the political anti-Semitism developing in this region of Germany based its activity on rural cooperatives and turned them into the main vehicle of anti-Jewish activities¹⁵⁴.

Another aspect is perhaps less obvious but equally interesting. It stems from the observation that the access to credit compounds the differentiation of the agrarian class structure¹⁵⁵. The rationing of credit coming from official institutions occurs, as we have noticed, due to the uneven distribution of collateral, and high risk involved on advancing loans to small farmers and the like¹⁵⁶. The result is that most of the loans are advanced to better-off farmers; this in turn would widen already existing social and economic disparities. Thus, the credit services supplied to the small peasantry by Jewish money lenders and credit cooperatives will slow down or prevent this process from happening. We will refrain from tackling the grander questions linked to the belated differentiation of the peasantry; one may only point out that it would be synonymous with belated modernization (understood as functional differentiation of the society) and would perpetuate the coherence of interests among the peasantry as a political subject.

¹⁵⁴ David Peal, 'Antisemitism by Other Means? The Rural Cooperative Movement in Late Nineteenth Century Germany', Herbert A. Strauss (ed.), *Hostages of Modernization: Studies on Modern Antisemitism 1870 - 1933/39 - Germany - Great Britain - France*, Berlin 1993.

¹⁵⁵ The analysis of how unequal access to credit determines the agrarian class structure can be found in Mukesh Eswaran, Ashok Kotwal, *op. cit.* The position occupied in the agrarian structure is determined, as put forth by Roemer, by the relationship with the labour market (hired in, hired out, or neither). J. Roemer, *A General Theory of Exploitation and Class*, Cambridge 1982.

¹⁵⁶ One more reason given by Eswaran and Kotwal is that "the restricted access to credit of the landless and marginal farmers prevent them from leasing in land from large farmers and thus blocks what would be a move towards a Pareto-optimal configuration of total self-cultivation". Mukesh Eswaran and Ashok Kotwal, *op. cit.*, p. 169.

The latter is likely, at least theoretically, to facilitate the mobilization of the peasantry on the basis of national rather than class interests.

Finally, there is the issue of the internal evolution of Jewish economic activities. As a rule interesting on its own, it is remarkable that the changes in the Jewish economics in Galicia differed quite considerably from the experience of middleman minorities in other countries. The engagement of Alsatian Jewish minority in middleman services provided to agriculture resembles the Galician pattern but, after 1870, the Jewish role in credit market fell drastically due to the emergence of new capital opportunities. Younger Jewish generations left peddling and money lending for new professions (this was possible not only due to economic development but also much smaller size of the Jewish group settled in Alsace-Lorraine)¹⁵⁷. In this period which for Alsatian Jews was marked by the shift of capital from agriculture to economic sectors promising higher returns, Jewish capital in Galicia remained concentrated predominantly in the agrarian sector. Thus the warped occupational structure of the Jews coupled with population change and with limited economic opportunities outside the agriculture. The resulting intra-group competition increased the pressure on the social mechanisms, which under normal conditions assure the functioning of ethnic solidarity.

¹⁵⁷ Zosa Szajkowski, *Agricultural Credit and Napoleon's Anti-Jewish Decrees*, New York 1953, pp. 102-105. See also, Paula E. Hyman, 'The Social Context of Assimilation: Village Jews and City Jews in Alsace', in Jonathan Frankel and Steven J. Zipperstein (eds), *Assimilation and Community. The Jews in Nineteenth Century Europe*, Cambridge 1992.

5. Jewish Ethnic Business and Rural Trade Market: Modernization Under Pressure.

In the preceding chapter, it has been argued that the interlinked markets concept depicts most plausibly the economic transformations in the Galician agrarian sector. The basic tenet of this approach focuses on interlinkages between land, labour, agricultural production and credit markets. The consensus is that these markets do not function independently and that the pattern of exchange emerging in such a setting tends to cross simultaneously the scope of all four domains. As a result, economic agents operating in the agricultural sector are bound by a set of contractual, interlocking transactions. Our contention is that the relationship between the Jewish ethnic group settled in the countryside and the peasantry can be fruitfully studied from this perspective.

Historical and statistical evidence presented in Chapter 4 served to demonstrate the workings of interlinked contracts with respect to the rural credit market. Consequently, the principal aim of this chapter will be the analysis of the second most important market involved in such transactions, that is the agrarian product market. In the first part, we will seek to provide evidence on the changes in the Jewish occupational distribution and to link it to the issue of agrarian commerce. The focus of this section will be also on the problems of the relationship between Jewish occupational mobility and the professional structure of the non-Jewish population. The second part of the chapter deals with the development of rural trade cooperatives, along similar lines as Chapter 4 dealt with savings-loans associations. Within thus established framework we will try to picture some elements of Jewish modernization and relate it to the analogous process involving agrarian segments of non-Jewish society. Clearly, we do not undertake the task of analyzing the whole complex of social and economic transformations associated with modernization. Rather than that some selected components central to our research will be analyzed. Therefore, their choice has been guided by a narrow notion of modernization process, linked closely to the issue of economic

development in the agrarian sector.

Roughly speaking, there are two approaches to the set of relationships binding economic agents in backward agriculture¹. The crux of the matter is how the widespread existence of interlocked transactions affects technological change and rural productivity. Neoclassical economists tend to believe, not surprisingly, that under a variety of circumstances such an agrarian setting can be viewed as an (allocatively) efficient institutional arrangement, allowing for technological modernization and some increase in the volume of agricultural production². Thus, to take the classic example, the practice of sharecropping is viewed as a rational compromise between allocation of risk in the rental system (where all the risk burdens the tenant) and the wage system (where all the risk burdens the landlord). Similarly, interlinkage transactions are motivated by the desire for economic efficiency because for the landlord it is the only way to induce the tenant to work hard and to make 'correct economic choices'. The credit contract serves to tie land, labour, credit and product markets, which in turn may increase the expected utility of both landlords and workers. Since the landlord extracts only a part of the peasant's profit, both sides may benefit from the increased efficiency of farming because the peasant is left with enough capital to implement some

¹ Theories applying the concept of backward agriculture belong to a broader set of theories of institutions in economic development. The tenets of Marxist theory assume that the economic structure of society consists of property relations, and that it corresponds to the level of development of the productive forces. Thus, the central driving force behind institutions are the forces of production. The neoclassical approach may be divided into two strands; one which focuses on the transaction costs and the other which employs the notion of imperfect information. In general terms, these two concepts, transaction costs and imperfect information, serve as the economic explanation for the shaping and changes in the nature of economic institutions. For a more detailed summary of theories of institutions, see Pranab Bardhan, 'Alternative Approaches to the Theory of Institutions in Economic Development', in Idem (ed), *The Economic Theory of Agrarian Institutions*, Oxford 1989.

² In other words, the attention is focused on allocative efficiency improving institutions, whereas Marxists often emphasized how institutions change or do not change depending on considerations of surplus expropriation by a dominant class. *Ibidem*, p. 10. Accordingly, the adherents of the neoclassic approach would attempt to prove that the interlinkage transactions may lead (due to better risk distribution, lower transaction costs and the like) to a more efficient allocation of resources in agriculture. Marxists, in turn, would tend to show that the creation and subsequent petrification of this mechanism originates in the desire of a dominating class to increase the surplus appropriated from petty producers. Amit Bhaduri, 'Forced Commerce and Agrarian Growth', in *World Development*, vol. 14/2 (1986), pp. 267-268.

elements of technological progress. This neoclassical picture is completed by the economic rationale standing behind the peasant's decision to reinvest some profits; in so doing he demonstrates his rationality by responding to the market pull and to the pressure exerted by the landlord³.

Traditionally, the neoclassical approach used to be criticized by scholars who subscribe to the set of institutionally bound historical theories in which economic rationality is overshadowed by the heritage of customs and cultural institutions⁴. However, it seems that in recent years a more powerful alternative approach has emerged. So called exploitation theory has been constructed by Marxists, among whom Amit Bhaduri seems to play a dominant part⁵. In general terms, the theory asserts that the nexus of interlinkage transactions gives rise to an unequal exchange pattern, that is, to exchange which favours one party at the cost of the other. The 'efficiency' of such an institutional arrangement can not be identified with allocative efficiency, but rather with an efficiency as perceivable by the surplus extracting class⁶. The loan allocated by the landlord to the tenant serves as a means for the involuntary market involvement of the peasant in various

³ Pranab Bardhan, 'A Note on Interlinked Economic Arrangements', in Idem, *op. cit.*, p. 339; Avishay Braverman and Joseph Stiglitz, 'Sharecropping and the Interlinking of Agrarian Markets', in *American Economic Review*, vol. 32/1 (1982), pp. 695-696. For a more general overview of the neoclassic approach see Joseph E. Stiglitz, 'Rational Peasants, Efficient Institutions, and a Theory of Rural Organizations: Methodological Remarks for Development Economics', in Pranab Bardhan (ed), *The Economic Theory of Agrarian Institutions*, Oxford 1989; Idem 'The New Development Economies', in *World Development*, vol. 14/2 (1986), pp. 257-265.

⁴ I refer here mostly to the works of the Russian 'organization and production school'. Its most eminent representative, Chayanov, provided a theory which treated the peasant economy as an economic system in its own right, and not, as Marx claimed, as a form of incipient capitalist economy. In particular Chayanov demonstrated that peasant motivations may be underpinned by a rationale different to that of the capitalist; they aim at securing for the needs of the family rather than to make a profit. Basile Kerblay, 'Chayanov and the Theory of Peasantry As a Specific Type of Economy', in Theodor Shalin (ed), *Peasants and Peasant Societies*, Aylesbury 1971.

⁵ The other scholars subscribing to this strand of exploitation theory which is employed in this work are Kaushik Basu, Mukesh Eswaran and Ashok Kotwal. See, for example, Kaushik Basu, 'Rural Credit Markets: The Structure of Interest Rates, Exploitation and Efficiency', in Pranab Bardhan, *op. cit.*; Idem, 'Implicit Interest Rates, Usury and Isolation in Backward Agriculture', in *Cambridge Journal of Economics*, vol. 9 (1984), pp. 145-158. Mukesh Eswaran and Ashok Kotwal, 'Credit and Agrarian Structure', in Pranab Bardhan, *op. cit.*

⁶ Amit Bhaduri, *op. cit.*, p. 268.

forms and arrangements under the compulsion of the debt. Most often the profit in the credit market takes a form different than a sheer interest rate: small peasants may supply underpriced labour services, purchase agricultural inputs and consumer goods from the landlord or shift monopsonistic power over their agricultural production into the landlord's hands. In such a setting, the peasant enters commercial relationships driven not by the 'gain from trade' motivation but under pressure of the debt. Unlike the neoclassical approach, the concept of involuntary involvement in the market, coined by Bhaduri 'forced commerce', does not allow any room for technological modernization. The landlord satisfies his ends by tapping almost all the surplus produced by the peasant. This leaves the latter in the position of the permanent debtor with no means for introducing any technological improvements into his farming techniques⁷. Thus the relationship between the tenant and the landlord takes the form of pure exploitation of less powerful agents by more powerful agents⁸.

Neoclassical economists focus on backward agriculture where the ownership of land is characterized by the tenant-landlord relationship. The reason is that it is only this particular form of ownership which requires tenets of neoclassical theory to be validated or reformulated, along with leaving some room for allowances for specific market imperfections. Agriculture where the regular form of ownership prevails, does not need any special conceptual devices because it may be feasibly analyzed with the theoretical apparatus of general theory. In this respect Bhaduri's model seems to be better suited for our purposes for it demonstrates independently the validity of the forced commerce concept also with

⁷ Another explanation for constraints on innovation implied by the credit link between the tenant and the landlord has been provided by Bhaduri in his article published in 1973. The landlord may have no incentive to adopt yield-increasing innovations if the landlord's interest income from his loans to the tenant goes down (because the tenant will borrow less as he shares the increase in yield). Amit Bhaduri, 'A Study in Agricultural Backwardness under Semi-Feudalism', in *Economic Journal*, vol. 83/3 (1973), pp. 120-137.

⁸ For a more general overview of the theory, see Amit Bhaduri, op. cit; Idem, 'On the Formation of Usurious Interest Rates in Backward Agriculture', in *Cambridge Journal of Economics*, vol. 1 (1977), pp. 34-52. The 'forced commerce' concept is described in Idem, 'Forced Commerce and Agrarian Growth', in *World Development*, vol. 14/2 (1986), pp. 267-272; Idem, *The Economic Structure of Backward Agriculture*, London/New York 1983, pp. 17-40.

respect to agriculture where the peasant owns the land he cultivates⁹. Moreover, the evidence for his theory is drawn from those LDC countries where agriculture is characterised by the domination of small farms and high indebtedness of the peasantry, two phenomena closely resembling the Galician agrarian sector. Similarly, as was shown in Chapter 4, the mechanism of usury functioning in the Galician rural financial market can be feasibly framed within the perspective advanced by Bhaduri. Finally, the forced commerce concept is much more flexible and open to modifications. The term 'forced' may apply not only to the fact that the peasant enters the market under the pressure of his obligations towards a local moneylender or merchant; entering into commercial transactions overrides also his desire to limit his involvement in the market at a the level satisfying his family needs. One may use it to describe the mechanism involving the peasant in market without necessarily accepting the entire set of its negative consequences. Opponents of the exploitation approach raised the argument that the theory fails to explain the differences in the exploitation level between countries¹⁰. Yet, they seem to overlook that Bhaduri recognizes the fact that the nature of interlocking transactions may differ, according to the relative power of the contracting parties¹¹. This, in my view, may be interpreted as allowance for particular variations in the resource endowment factor, characteristics of the rural credit market, type of dominating class and the like.

In order to apply Bhaduri's model to Galician agriculture one needs somehow to adjust the issue of the Jewish economics with respect to the theory. There are two points which require clarification. The first is that the Jewish group

⁹ The substance of the difference lies in the fact that under the feudal regime, land cannot be used as a collateral asset or a piece of private property owned by the peasant in entering loan arrangements. Therefore it is not within the power of a merchant or a private moneylender to alienate land from the peasant within the existing system of land property rights. Amit Bhaduri, *op.cit.*, p. 17.

¹⁰ Avishay Braverman and Joseph Stieglitz, 'Sharecropping and the Interlinking Agrarian Markets', in *American Economic Review*, vol. 32/1 (1982), p. 655.

¹¹ Amit Bhaduri, 'Forced Commerce and Agrarian Growth', in *World Development*, vol. 14/2 (1986), p. 269.

or, in more general terms, any middleman group, does not belong to the traditionally understood 'expropriating class'. Bhaduri, according to his evidence, implicitly assumes that this group is composed of the landlord strata¹². Indeed, such situation may be easily found not only in contemporary LDCs, but also in historical agricultural societies. The moment which facilitates the continuation of the grip of forced commerce over the small peasantry during the transition from feudal to capitalistic property relations is the way the abolition of serfdom is achieved. Usually the transfer of land deeds is associated with the payments of redemption dues to the landlords. The initial debt may easily turn into the structural indebtedness of the peasantry; the seasonal nature of the activity, problems with capital liquidity, the introduction of taxes, the dependence on the weather conditions and the necessity of adjustment to new economic circumstances are of importance, even if the payments are calculated on a relatively low scale. Under the constant pressure of debt, peasants will tend to turn it into obligations in other than credit markets. For the reasons outlined above, the landlord is also willing to extend the credit contract into other markets. The labour market will be of special importance due to the landlord's interest in the restitution of obligatory labour services¹³. As a safe generalization it may be said that the process of transition from a feudal to capitalist economy creates conditions fostering the development of a nexus of interlinked transactions¹⁴.

¹² Bhaduri's analysis implies that forced commerce can act as a barrier to agrarian growth only when the surplus expropriating class is highly homogeneous. This was incorporated into the assumption that the landowning class is also a money lending class. Amit Bhaduri, *The Economic Structure of Backward Agriculture*, London/New York 1983, Chapter VII; Idem, 'Class Relations and the Pattern of Accumulation in an Agrarian Economy', in *Cambridge Journal of Economics*, vol. 5 (1981/3), pp. 33-52.

¹³ This interest was particularly discernible in the method the abolition of serfdom was achieved in Russia. The Russian government, concerned about the landed estates' ability to recruit hired labour force, stipulated as a condition of emancipation a period that peasants continue to render labor services on the estates at least until the settlement of conditions of land division and payment of their land allotments. Arcadius Kahan, *Russian Economic History*, Chicago/London 1989, p. 6.

¹⁴ For the description of the period directly succeeding the abolishment of serfdom, Irena Kostrowicka applies the term 'forced participation in the market'. Peasant economies are drawn to the market because "taxes replaced villein services and rents, and to pay taxes and buy necessary goods and land the peasants had to sell their products or their manpower". Although the observation is made with no reference to Bhaduri's theory, it is interesting to note a certain

The way in which serfdom was abolished in Galicia differed in some respects from this model transition. Galicia was the only province of Austria-Hungarian Empire where the burden of land redemption was equally divided between the federal and Galician governments¹⁵. The sum allocated to the country was raised by the imposition of a special tax and the revenues collected in this way were later transmitted to the landlords. This solution eased the financial difficulties of the peasant economy because the tax was distributed over the whole Galician population¹⁶. As a result, there remained only four economic devices the landlord could use to induce the peasant into involuntary market transactions: withholding the access to servitudes (the rights of the peasants to manorial pastures, meadows and woods), control of the monopoly on liquor franchise, credit assistance and labour services. The literature offers abundant evidence of the dominant part played by the Jewish group as innkeepers, work recruiters, moneylenders and leaseholders of former manorial servitudes¹⁷. The

relation to the forced commerce concept. Irena Kostrowicka, 'Changes in Agricultural Productivity in the Kingdom of Poland', in *Journal of European Economic History*, vol. 11 (1984), pp. 75-97. A similar view prevails in the traditional approach to the abolition of serfdom in Russia. Russian villagers were forced, in order to pay direct taxes and redemption dues, to enter the capitalist market and sell their produce. Michael Aronson, *Troubled Waters. The Origin of the 1881 Anti-Jewish Pogroms in Russia*, Pittsburgh 1990, p. 22.

¹⁵ In theory, it was up to the Vienna government to pay but in practice the financial burden of this operation was shared with Galicia. The payments were financed through loans to Galicia but the costs of amortization and the interest rates of indemnity bonds were guaranteed by the provincial treasury. This deprived the province of 50 per cent value of its supplementary tax, the only income at the disposal of the province. Until 1890, when the Reichstag agreed to cancel Galicia's debt and to pay a yearly subsidy toward the completion of the indemnity operation, the costs of serving the bonds rendered the country's budget totally inadequate. Piotr Wandycz, *The Lands of Partitioned Poland 1795-1918*, Seattle/London 1984, pp. 224-225.

¹⁶ Witold Kula, *Historia gospodarcza Polski w dobie powstaniowej, 1864-1918*, Warszawa 1947, p. 63. The indemnification tax was imposed on the province in the form of a percentage addition to all other taxes. This additional tax was to be collected for more than thirty years. Its value amounted in the initial period to about 70 per cent of all taxes; in the course of time, due to economic progress, the rate declined to 30 per cent. Stefan Kieniewicz, *The Emancipation of the Polish Peasantry*, London/Chicago 1969, p. 138.

¹⁷ The intermediary position of the Jews between the village and the manor made them absorb a substantial part of social grievances that normally would have been unloaded against landlords. As noted by Deutsch "Jew became a (...) shock absorber between the Polish landlord and the Ukrainian peasant". Karl Deutsch, *Nationalism and its Alternatives*, New York 1968, p. 46. The analysis of peasants' correspondence to *Batkiushchina*, an Ukrainian nationalist periodical, shows

latter was of particular importance, since most pastures and meadows were appropriated from the peasantry by landlords, which forced peasants to sub-lease them from their Jewish holders. By 1881, there had been 32,000 court cases concerning claims for servitudes out of which the peasants lost 30,000¹⁸. As a result, all the economic means serving for forcing peasantry into interlinked transactions had been transferred into the Jewish hands¹⁹. The fact that the Jews played the double role of interlocking lenders additionally endowed them with a competitive edge over the landlords, who usually appeared as pure lenders only²⁰. The difference is that when Jews intermediated between landlords and farmers, their profits were substantially limited by the necessity of transferring some part of it to the landlord group.

The second point is somewhat more troublesome: the Marxist concept of the dominating class links it to the concept of power and depicts the mercantile (money lending) group as a part of the expropriating class. The term itself is rather vaguely defined but it traces capitalistic power to either the unequal

that the socio-economic antagonism between Polish landlords and Ukrainian peasants was a subsidiary theme in the national ideology of rural activists. The correspondence shows much stronger reflection of the burning Ukrainian-Jewish antagonism. John-Paul Himka, *Galician Villagers and the Ukrainian National Movement*, New York 1988, p. 146.

¹⁸ The law of 7 September, 1849, which regulated the issue of indemnification, left the issue of servitudes to be settled later. Relevant legislation was passed in 1858, in an entirely different political situation, in which the Vienna government was seeking the support of the Polish aristocracy. Therefore it was decided that peasants' claims should be investigated by special commissions instituted for this purpose. These bodies fell under the gentry's influence and in most cases its verdicts favored the landlords' side. Stefan Kieniewicz, *op. cit.*, pp. 138-139.

¹⁹ In the 1870s, the Galician press published some items of correspondence showing that some Polish landlords in East Galicia devised an interlocking mechanism linking loans to the peasant to the labour market. The landlords were distributing among the villagers small sums of money called *portions*, each of which represented the value of one day of work per week - not the capital value, but the interest on debt. The debtor had to work one day per week on the estate until he paid off the *portion*. Quoted in Stefan Kieniewicz, *op. cit.*, p. 205. Most often, however, such accounts concerned Jewish holders.

²⁰ For a theoretical model showing that the interlocker has a clear advantage over a pure money lender in his dealings with the borrower see, Debray Ray and Kunal Segupta, 'Interlinkages and the Pattern of Competition', in Pranab Bardhan (ed), *op. cit.* Their principal argument is derived from the assumption that the total advantage of the interlocker exceeds the sum of the advantages of acting independently in each market. *Ibidem*, p. 245.

distribution of property²¹ or, in the case of political structures controlling the process of production²². This second strand may be dismissed at first hand; until 1907, Jews did not exercise any substantial power in the Galician political system²³. The concept of economic power anchored in the property system seems to be better suited, though it still does not reproduce the whole spectrum of relations between peasants and the Jewish group settled in the countryside²⁴. In short, the advantageous position of Jews in the economic power structure was embedded in their relatively higher capital accumulation, better knowledge of the monetary economy and traditional links to the manor which allowed them to hold manor appurtenances. The imposition of forced commerce onto the peasantry was facilitated by the fact that Jewish middlemen in Galicia usually combined the function of money lender with that of tradesman. Bhaduri notes that there are cases when the merchant class is identifiable with the moneylending class. Such a configuration of the commercial group promotes the persistence of an exchange

²¹ Brenner, in his classic work on agrarian growth in pre-industrial Europe, identifies the property relationship, or surplus extraction relationship, with class structure. The difficulty in applying this concept to the Jewish group in Galicia, leaving aside the grander questions underlying the so called Brenner debate, is that one of its aspects refers to "conflictive relations of property always...guaranteed by force". The position of the Galician Jews was only to a small degree anchored in the property (leasing) system and was certainly not backed up by (state) power. See Robert Brenner, 'Agrarian Class Structure and Economic Development in Pre-Industrial Europe', in *Past and Present*, vol. 70, p. 31.

²² Amit Bhaduri, *Economic Structure of Backward Agriculture*, London/New York 1983, p. 85.

²³ Until the law of 1907, which introduced universal suffrage, the Jews were included in one of four *curies* on which the Austrian electoral system was based. The inequality in the weight of votes in different curies was to conserve the domination of the landed aristocracy in the Country Diet. Within the curia, however, the Jews had a share higher than would have been expected from their share in the population. This was due to the fact that the number of voters was determined by their social status and their tax contribution. Certain categories of professional people - like doctors and lawyers - had the right to vote in municipal and Landtag elections irrespective of their tax contribution. The Jewish population was largely overrepresented in such occupations: in 1909 Jews accounted for 58 per cent of lawyers in Galicia and for 32 per cent of doctors in Lviv. Robert Wistrich, 'Austrian Social Democracy and the Problem of Galician Jewry 1890-1914', in *Leo Baeck Year Book*, vol. 26 (1981), p. 92. Stanisław Gruński, *Materiały do kwestii żydowskiej*, Lwów 1908, p. 33. The number of Jewish voters was further increased as a result of their higher relative tax contribution. Jacob Thon, *Die Juden in Oesterreich*, Veröffentlichungen des Bureau für Statistik der Juden, no 4, Berlin 1908, pp. 133-134.

²⁴ For the examples of numerous historical records showing the use made by Jews of their monopoly on leasing manor appurtenances during electoral campaigns see, John-Paul Himka, *op. cit.*, p. 153.

system based on forced commerce because: "when the local moneylender is also the local merchant he can impose this kind of a contractual loan arrangement much more effectively to take full advantage of factors such as seasonal price fluctuations"²⁵.

We may formulate now some preliminary hypotheses concerning the agricultural production market:

1) It is likely that the transition of Galician agriculture towards the market economy would have taken the form of forced commerce exchange. The issue here is the regional differentiation in its prevalence and the impact exerted upon it by the development of rural organizations. The application of the forced commerce concept, while recognizing the mechanism of involuntary market involvement and the locking of interlinkage transactions, does not denote the explicit denial of potential regarding the economic transformations in agriculture. The question is whether, as the theory would assume, Jewish profits tapped virtually the whole of the surplus produced by the peasant, or whether the peasant was left with the means sufficient for the introduction of some improvements in his farming methods. In other words, central to this issue is the pattern of capital accumulation. Under the structurally unequal exchange pattern, the investment by Jewish merchants and money lenders in the form of loan contracts would have taken the shape of unproductive investment, that is investment which is not directed towards raising the output potential of the economy²⁶.

The common observation of contemporary observers was that initially the Jews, due to their monopolistic and monopsonic power, could exploit the peasant to a high degree and that the development of the peasant cooperative movement gradually modified this situation. One more reason that Jewish economics faced declining returns might have been the demographic pressure exerted by the high

²⁵ Amit Bhaduri, *op. cit.*, p. 21.

²⁶ Amit Bhaduri, 'Class Relations and the Pattern of Accumulation in an Agrarian Economy', in *Cambridge Journal of Economics*, vol. 5 (1981), pp. 33-34.

natural increase rate among the Jewish population. Although ethnic economies know some devices restraining competition among co-ethnics, their workings might have been seriously undermined by the combination of rapid population growth and limited economic opportunities.

2) That part of the Jewish group that was involved in interlinked transactions with the peasantry was almost entirely identifiable with the broader commercial class. According to Bhaduri, such a group is not very responsive to any new technological opportunities since it aims at controlling the organization of marketing, but not of production. Thus "a professional trading or moneylending class cannot normally be expected to play a leading role in the technological transformation of backward agriculture"²⁷. This hypothesis should be confronted with the assumptions of middleman minority theory which attribute to the groups of such a profile entrepreneurial and innovative functions. The latter argument is also marshalled by some anthropological works, with no immediate reference to the middleman theory. Geertz in his study of economic development in two Indonesian towns noted that "innovative economic leadership (entrepreneurship) occurs in a fairly well defined and socially homogeneous group". Islamic traders constituted an example of such a group because they had "a very long history of extra-village status and interlocal orientations"²⁸.

3) Hypothesis 2 does not exclude the possibility of any development in backward agriculture organized along the principles of forced commerce. Bhaduri recognizes the fact that the commercial class transmits the market pulls to the peasantry because it is highly responsive to the prices for agricultural products in the local market²⁹. Moreover, in a more recent article, Bhaduri recognized some

²⁷ Amit Bhaduri, *The Economic Structure of Backward Agriculture*, London/New York 1983, p. 55.

²⁸ Clifford Geertz, *Social Development and Economic Change in Two Indonesian Towns. Peddlers and Princes*, Chicago/London 1963, pp. 147-148.

²⁹ Amit Bhaduri, 'Forced Commerce and Agrarian Growth', in *World Development*, vol. 14/2 (1986), p. 270.

possibilities for agrarian growth in the case where the assumption of the homogeneity of the surplus-appropriating class is not valid, that is in the case where the money lending or mercantile class cannot be fully identified with the landowning class³⁰. The consequences may be a relatively faster growth of the marketable output of agricultural production along with adjustments in the crops structure (to the benefit of cash crops). The issue is whether or not it is done at the expense of the producers own consumption, that is, whether the increase of the marketable product is possible due not to the increase in total agricultural production but only due to the shift in its structure.

The presumable entrepreneurial role of the Jews is of importance because it is widely recognized that the strata of landlords failed to discharge this function in the agrarian sector. Most Galician landlords contented themselves with the profits derived from the land, woods, pastures, lumber mills and inns leased to the Jewish holders³¹. In 1874, Jewish landowners controlled 16.2 per cent of all estates³², in 1893, 30 per cent of all land estates were leased by Jews³³. A large

³⁰ Amit Bhaduri, 'Forced Commerce and Agrarian Growth', in *World Development*, vol. 14/2 (1986), p. 270.

³¹ On 20 June, 1888, the Diet introduced a new tax on the sale of alcohol. Additionally, the Diet decided to allocate a part of government revenues (1 million zloty annually) to the holders of the propination privilege (landlords and some cities), in order to recompensate them for potential losses in income. This right ceased to exist in 1910, with the ultimate cancellation of propination rights. Tadeusz Piłat, *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 9/2 (1888), p. 3.

³² Piotr Wandycz, *op. cit.*, p. 222.

³³ *Encyklopedia historii gospodarczej do 1945 roku*, vol. 1, Warszawa 1981, p. 152. The census of 1910 shows that out of 18,987 self-employed Jews in agriculture, 2,000 were tenants of small and large estates, 533 were great landowners (302 in 1874, 438 in 1902). Filip Friedmann, 'Dzieje Żydów w Galicji', in Ignacy Schiper, Aleksander Haffka and Arie Tartakower (eds), *Żydzi w Polsce Odrodzonej: działalność społeczna, gospodarcza, oświatowa i kulturalna*, vol. 1, Warszawa 1932-33, p. 405; Franciszek Bujak, *The Jewish Question*, Paris 1919, p. 17; Idem, *Galicja*, vol. 1, Lwów 1908, p. 154; *Podręcznik Statystyki Galicji*, vol. 8, part 2 (1908). The temporary nature of the land lease prevented Jewish holders from the implementation of capital requiring technological innovations, but in general it seems that their farming methods were more rational than those of landlords. Bujak cites the fact that among those seeking advice in the most renowned agricultural institute in Galicia (Akademia Rolnicza in Dublany), Jews accounted for about 80 per cent. *Ibidem*, note 1, p. 161. Most Polish scholars and publicists accused the Jews of exploitation of the land and maximizing the profits without paying any attention to the requirements of rational land use. J. Rozwadowski, *Ruskie bezrobocie w roku 1902. Uwagi o jego terenie*, Lwów 1904; 'Czy dzielenie ziemi jest przyczyną ubóstwa ziemian w Galicji', *kwestyonariusz Komitetu Towarzystwa Rolniczego Krakowskiego* edited by Kazimierz Lange, Kraków 1892, p. 50. It is likely, however, that such voices were deeply biased - they conceived of the Jewish presence on the land, whose retention and

part of the remaining estates was manned by Jewish manor officials. In 1902, Jews made up 30 per cent of 4,000 agricultural administrators in Galicia³⁴. This was, in a sense, a reproduction of the interrelationships between Jews and the manor economy from the period preceding the abolition of serfdom³⁵. Another source of landlords' income was the parcelling of their estates' land with the assistance of Jewish middlemen³⁶; the profitability of the whole venture lay in the very high land prices offered by small landowners. Parcelling accounted for the major part of the decrease in tabular land. Between 1889 and 1902, there were

cultivation was a patriotic duty, as something highly undesirable. Most often these opinions concerned the Jews who went into the possession of land through the appropriation of the peasant owner and treated it as a commercial asset. On the other hand, some contemporary observers praised the Jewish agrarian economy on the tabular land and exposed it as an example to be followed by Polish absentee landlords. Franciszek Morawski, 'Dzierżawy w obrębie własności tabularnej', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 15/1 (1896), pp. 16-20.

³⁴ Ignacy Schiper, 'Żydzi w rolnictwie na terenie Małopolski', in Ignacy Schiper, Aryeh Tartakower and Aleksander Haffka (eds), *op. cit.*, Warszawa 1932, vol. 2, p. 426. According to Buzek, in 1900 there were 1,495 Jewish state officials in Galicia. Most of them were concentrated in the eastern part of the country. Józef Buzek, 'O stosunkach zawodowych i socjalnych Galicji w r. 1900 według wyznania i narodowości', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/2 (1905), p. 12 and 22.

³⁵ This exposes the fragility of definitions of feudalism based on the existence of the manorial system. As observed by Bloch, "though an essential element in feudal society, the manor was in itself an older institution, and was destined to last much longer". Marc Bloch, 'Feudalism as a Type of Society', in Werner Cahnman and Alvin Boskoff (eds), *Sociology and History: Theory and Research*, London 1964, p. 164.

Himka maintains that the identification of the Jews with the manor was primarily a phenomenon of the autonomous era. Until 1868, Jews were expressly forbidden to engage in such occupations as stewards, mandators and leaseholders. Therefore, the candidates for these positions were recruited from the Polish gentry. The influx of Jews into the manor economy occurred after Jewish emancipation in 1868, when some Polish landowners could not adjust to new economic conditions. The other reason would be that a part of the gentry found new careers in governmental services. John-Paul Himka, *op. cit.*, p. 42.

Himka does not offer grounds for his contention; the Josephinian legislation he mentions (barring from the Galician countryside all Jews who were not employed in 'productive occupations') remained a dead letter. In the body of literature on the pre-emancipation period in Galicia one may find a widely shared assumption that the Jews were manning the manor economy long before 1868. Robert Wistrych, *op. cit.*, p. 94.

³⁶ Jewish middlemen bought the estate land, paying cash, and then sold it back in lots to neighboring villagers in short term installments. The Galician smallholder was ready to pay any price to get more land - this was due to his high evaluation of land possession and to the awareness that the parcelling out of the estate was an unique event. The middleman's profit in the whole operation could reach 50 per cent in the course of two years. Stefan Kieniewicz, *op. cit.*, p. 211. About 65 per cent of the parcelations were arranged by middlemen placed behind the plans to parcell estates. *Ibidem*, p. 329.

237,000 acres of manor land parcelled out in Galicia, but in the next ten years the figure increased to 607,000³⁷. The lack of entrepreneurship among Galician landlords may be contrasted (as it often was done by Galician publicists) with the Polish lands under Russian and Prussian rule, or with Hungary, where large landed estates were the first to implement technological progress, to modernize farming techniques and to commercialize agricultural production³⁸.

There is little doubt that it was the Jews, at least in the initial period following the abolition of serfdom, who determined the productive potential of the agrarian sector. The part played by Jewish commercial intermediaries added up to that of Jewish landholders. The holders of large estates usually administered the farm by themselves but those who held manor property in addition to their original occupation, or those who possessed small pieces of land - innkeepers, money lenders or merchants who appropriated the land from peasant debtors - did so on the side and sublet it to peasants³⁹. Particularly profitable was the leasing

³⁷ The parcelled out estates were most often a medium to small size. The average area of the parcelled out tabular estate between 1902 and 1907 was 120 ha in West and 213 ha in East Galicia. T. Brzeski, 'Parcelacja własności tabularnej w Galicji', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 23/2 (1910).

³⁸ Scott M. Eddie, 'Agricultural Production and Output per Worker in Hungary, 1870-1913', in John Komlos (ed), *Economic Development in the Habsburg Monarchy and in the Successor States*. New York 1990, pp. 215-217; Idem, 'Farmers' Response to Price in Large Estate Agriculture: Hungary and Germany 1870-1910, in *Economic History Review*, vol. (1971), pp. 585-586. The belief regarding the lack of significant technological modernization on large estates is unanimously shared by Galician historians. Bujak writes that sixty years after the abolition of serfdom 'large estates did not adapt to modern forms of farming' and that the Galician landowner 'is not a farmer, in the modern meaning of the word, (...) but he is ignorant (...) treating his occupation without ardor and passion'. The income from indemnization, from the redemption dues received after the abolition of the propination privilege in 1890, and the increase in the collateral value of the land (on the basis of a new classification of agricultural land, carried out in the years 1870-1880) was used not to modernize farming methods but to prevent the old economic system from any changes. Progress made some strides only among a few owners of the largest estates. Franciszek Bujak, *op. cit.*, pp. 159-160 and 165-167.

³⁹ The peasant correspondence analyzed by Himka refers quite often to Jewish control over manorial appurtenances. In Drozdovychi, in the district of Horodok, the Jewish innkeeper rented a meadow from the landlord and charged the peasants three or four times as much as he paid to lease it. John-Paul Himka, *op. cit.*, pp. 157-158. Some Jews owned land in support of the cattle trade. *Ibidem*, p. 162. A similar pattern of Jewish land ownership prevailed among Jewish village communities in Germany in the nineteenth century. In some villages practically all Jewish families, especially the cattle dealers, owned pieces of land planted with grains, but it was very rare to find a Jewish landowner working his field himself. Werner Cahnman, 'Village and Small Town Jews in Germany. A Typological Study', in *Leo Baeck Year Book*, vol. 19 (1974), p. 112.

of pastures. As we have noted, the sub-leasing of pastures was of vital importance for the peasantry, especially for the needs of animal production. Thus, the economic choices made by the peasantry should be viewed as a response to the stimulus provided by the Jewish economics in the countryside. This contention is in tune with the observation that the general nature of pre-modern peasantry does not merit its attribution of any significant innovative functions. The small peasantry remains relatively ignorant of market opportunities because their economic rationale and choice of techniques are overshadowed by social criteria, that is, the pressure of basic family needs. The peasant's economic choices are above all dominated by a short-term rationale since he cannot comprehend the workings of the price mechanism, which are largely independent of local supply and demand⁴⁰. Therefore, one may correctly assume that the adjustment of the Galician peasant to the market economy was largely dependent upon Jewish commercial intermediaries.

I shall start by an examination of the alterations in the Jews' occupational distribution. Aside from the population change and residential patterns, this is the third critical factor guiding our analysis regarding the response of the Jewish rural ethnic group to the forces of modernization. The theoretical models specified in Chapter 1 help to identify where to look and what changes to investigate. Scholars studying within this perspective the link between modernization and the occupational profile of the Jews have noted two general trends. In Western Europe, capitalist economic development resulted in the influx of Jews into new occupations generated by economic expansion and growth. This occupational transformation was ensued by a greater professional diversity in relation to the premodern structure of Jewish communities. Yet the movement was by no means random: Jews flocked to new areas of the economy structurally linked to their

⁴⁰ Roger Price, *The Modernization of Rural France*, London 1983, p. 323 and 365.

previous occupations⁴¹. The pattern of this movement varied with the economic situation of particular regions and with the inner characteristics of Jewish groups. In general terms Jews, were shifting to modern forms of commerce and finance while falling away from occupations like peddling, usury and rural money lending. Accordingly, occupational changes were accompanied by an increase in wealth and an ascent in the tax scale combined with the flattening out of the stratification pyramid. German Jewry provides the paradigm for this model transformation⁴².

In Eastern Europe, the course of the socioeconomic transformation of the Jews reflected the belated transformation of broader, non-Jewish societies. As the stirrings of modernization and economic growth emerged later and affected only some regions, the Jews responded in a selective way. The classic phenomenon associated with modernization in Western Europe - assimilation - occurred on a much smaller scale and was counterbalanced by the potent forces of Jewish nationalism. Similarly, the receptivity to new economic opportunities was limited by the potential of economic growth and by the larger size of East European Jewish communities. This implied competition and conflict not only with non-Jews but also among Jews themselves. The major repercussion of capitalist development was the impoverishment of Jewish artisans and the consequent creation of a Jewish proletariat. Economic ascent associated with *embourgeoisement* was spatially confined to some industrial regions and urban centres. The Jewish bourgeoisie emerged later and was much less numerous than its counterpart in the West. The immediate impact of this shift was, unlike in the West, an increase in social stratification. The question whether the Jews during the transition process were better off than the resident populations has not yet been solved⁴³.

⁴¹ Calvin Goldscheider and Alan S. Zuckerman, *The Transformation of the Jews*, Chicago/London 1984, p. 48; Jacob Katz, 'The Jewish Diaspora: Minority Position and Majority Aspirations', in *The Jerusalem Quarterly*, vol. 25/3 (1982), p. 77.

⁴² David Sorkin, 'The Impact of Emancipation on German Jewry', in Jonathan Frankel and Steven J. Zipperstein (eds), *Assimilation and Community. The Jews in Nineteenth Century Europe*, Cambridge 1992, p. 180.

⁴³ Arcadius Kahan, 'The Transition Period', in Nachum Gross (ed.), *Economic History of Jews*, New York 1975.

We may attempt now to infer from these observations some understanding of the changes in the occupational structure of the Jews in Galicia. The data is restricted to two benchmarks - 1900 and 1910 - since earlier censuses did not provide information on occupations broken along confessional line. Innkeeping has been included into the commerce sector, as it has been done in the census of 1910 (in 1900 innkeeping was classified as an industrial occupation). A similar procedure has been applied to the category of daily workers, which in 1900 formed a separate occupational group. The data for the year of 1910 come from the population census published in 'Berufsstatistik nach der Ergebnissen der Volkszählung vom 31. Dez. 1910 in den im Reichsrathe vertretenen Königreichen und Ländern', *Österreichische Statistik*, Neue Folge, vol. 3 (1914). For the year of 1900 the data on the occupational distribution of Austrian nationalities has been collected but not included into the census. Therefore, Galician Crownland Bureau of Statistics prepared a separate statistical publication, which contained the information disregarded by the Austrian statistical office⁴⁴.

Table 1 presents those branches of the economy, which were in a way linked to the agrarian sector. The food industry has been selected because one of its major components was the production of rural mills, usually located on the manorial estate. The major part of the category of daily workers is identifiable with the poorest group of Jewish population, engaged in the mixture of occasional peddling and different temporary occupations (known as *Luftmensche*, living from air). Finally, innkeeping concerns the production and sale of alcohol in rural inns, leased by the Jews from the nobility on the basis of the ancient *propinacja* privilege⁴⁵. For the needs of comparison, alongside the occupational distribution of the Jews the table provides figures for the corresponding non-Jewish population.

⁴⁴ Józef Buzek, 'Stosunki zawodowe i socjalne ludności w Galicji wg wyznania i języka na podstawie spisu ludności z 1900 r.', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/2, (1905).

⁴⁵ The right to propination meant that a lord had the exclusive right to produce and sell alcoholic beverages within his domain. Propination was a form of *arenda* system defined as the leasing of immovable property or rights. The subject of the lease might be a tavern, a mill or a piece of land. Dąbkowski, P., *Prawo prywatne polskie*, vol. 2, Lwów 1911, pp. 72-73.

The columns marked C.I. stand for the concentration index which is a simple measure showing the level of concentration of labour in selected branches of employment. The index measures the relative involvement of the Jewish labour force as against the relative involvement of non-Jewish labour in a given branch. Thus, index numbers larger than 1 indicate a relatively higher Jewish concentration in that particular branch of employment⁴⁶. It should be remembered that the index depicts the occupational structure of two populations, here Jewish and non-Jewish. Therefore, the changes in its value over time reflects the *relative* change of one population in respect to the other.

⁴⁶ For a detailed description of the index see Yehuda Don 'Patterns of Jewish Economic Behavior in Central Europe in the Twentieth Century', in Yehuda Don and Victor Karady (eds), *A Social and Economic History of Central European Jewry*, New Brunswick/New Jersey 1990, p. 138 and note 41.

Table 1. Occupational Distribution of Jews and Non-Jews across Selected Branches of Employment, 1900-1910.

SECTOR	Labour employed as % of total labour		C.I.	Labour employed as % of total labour		C. I.
	1900			1910		
	Jews	Non-Jews		Jews	Non-Jews	
Agriculture	19.19	88.31	0.22	14.22	86.24	0.16
Food industry	4.32	0.32	13.5	5.1	0.57	8.95
Industry and Crafts	19.67	4.04	4.84	24.03	5.57	4.31
Commodity Trade	27.18	0.26	104.54	36.74	0.43	85.44
Daily workers	8.14			3.26		
Innkeeping	9	0.26	34.62	8.29	0.21	39.48
Commerce	49.12	2.33	21.08	53.35	2.81	18.99
Total Labour	31.47	55.51		37.5	56.72	

The first noticeable finding concerning the Jewish occupational distribution regards the striking rate of occupational mobility. The significant increase in the proportion of Jewish labour employed in industry and commerce - by four per cent each - stands in contrast to the mix of backwardness and certain elements of belated growth usually attributed to the Galician economy. Particularly striking is the increase in the proportion of the Jews earning their living in commodity trade. Over ten years, the number of Jews employed in this sector rose by 9 percentage points. With respect to the total Jewish labour employed in commodity trade, the growth was 43 per cent, that is six times higher than the rate of increase of the overall Jewish population between 1900 and 1910.

The most apparent comment attracted by such a pattern of occupational mobility is its coherence with the general currents of Jewish modernization. As has been noted, the increase in the labour employed in some branches of commerce and industry and the decrease in the number of Jews employed in rural occupations are phenomena typical of Jewish communities affected by capitalist development. Moreover, the rate of change suggests that the pace of this development was far from sluggish. However, there are some specific reasons for hesitating from drawing such a hasty conclusion. Firstly, the influx of Jews into commerce and industry does not necessarily entail the shift to more modern forms of production and distribution. Evidence on the economic activities of middleman minorities shows that commerce is the sector of the economy which is the least vulnerable to forms of discrimination. Therefore, in a period when other mobility channels are closed - due to legal measures, competition of the resident society or limited potential of economic growth - it is this area of the economy to which the minority would reorient themselves as its only viable option⁴⁷. Hence, before examining Jewish commercial infiltration in more detail, it is difficult to rule out the role of negative factors in this transformation.

The prime source of livelihood for Jews deriving their income from the commercial sector was trade in agricultural products. The assumed existence of a positive interrelationship between an increase in the share of Jews employed in commerce and an increase in the volume of trade in agrarian products implies high profitability of agricultural production. Nevertheless, between 1900 and 1910 the number of the Jews in agrarian occupations remained stable: in absolute figures the change was slightly negative (-2,433). The ensuing problem concerns the discrepancy in the response of the Jews in agriculture and commerce to the economic changes in the agrarian sector. One could argue against the question put forward that the Jews in general do not engage in agriculture, notwithstanding its presumed profitability. This assertion holds true for Western Europe, where agricultural occupations were opened to Jews at the moment when economic growth created enough employment opportunities outside the agrarian sector. At

⁴⁷ Alejandro Portes, 'Cuban Enclave Economy', in *Sociological Perspectives*, vol. 30 (1987), p. 344.

this time, as noted by Arcadius Kahan, agriculture was already less profitable than commercial and industrial occupations. Clearly, the situation was different in Galicia; moreover the example of Hungary shows that when agriculture is a highly profitable enterprise, Jews may shift to it quite swiftly despite the lack of an adequate economic tradition⁴⁸.

The last objection can be deduced directly from the Table 1. Between 1900 and 1910, the relative share of the active Jewish labour force in the total Jewish population increased by 6 per cent. The growth cannot be attributed to demographic factors like the employment of new and more numerous cohorts following higher rates of natural increase. We have noted in Chapter 2 that it was precisely in this period that the Jews entered the phase of slowdown in demographic transition. In addition, the increase in the proportion of active labour coincided with high rates of migration which, due to its age structure, acted towards the decline in the proportion of active population, rather than the opposite. Middleman minority studies show that an increasing proportion of active population - presumably stemming from the mobilization of women and minors - occurs in the periods of the pressure on economic space occupied by a given ethnic group. Mobilization of family labour resources is one of the devices to which middleman minority resorts when faced with serious economic difficulties. In sum, the contention on the expansion of economic growth in Galician agriculture shall be regarded with a certain amount of misgiving until we analyze such aspects of the occupational transformation of the Jews as social stratification and sex distribution in the labour force.

⁴⁸ The incompatibility between Jews' economic experience and skills required in farming has been frequently described in the literature. The example of Galicia and Hungary, however, only validates this perception of the Jews working land for themselves. The administration of large capitalistic agricultural enterprises seems to have been left out of this observation. In Hungary, in 1910, Jews owned almost 20 per cent of holdings above 1,000 ha and 19 per cent of those between 1,000 and 200 ha, and constituted 73 per cent of the lessees in the former bracket and 62 per cent in the latter. C. A. Macartney, *The Habsburg Empire 1790 - 1918*, London 1968, p. 710. In 1935 in Stanisławów voivodship (corresponding to approximately one third of the former territory of East Galicia) the Jews still owned 3423 land holding out of which 176 were qualified as large (above 182 ha). J. Bornstein, 'Stan rolnictwa żydowskiego', in *Zagadnienia Gospodarcze*, vol. 1/1-2 (1935), p. 70 and 74.

How can one relate the pattern of Jewish occupational mobility to that of the non-Jewish population? A comparison of the distributions of the two populations shows more than convincingly the magnitude of the status gap opened to Jewish economic activities. The very high values assumed by the concentration index in 1900 and 1910 confirm this observation. It seems safe to suppose that in the preceding periods - for which we do not find data in earlier censuses - the divergence in the occupational distribution of Jews and non-Jews was even wider. In this context, it is remarkable that the highest index numbers correspond to the branches of employment linked in a way to agriculture and presented in the table (the only exception is the clothing industry). The disparity in the occupational distribution of the Jews and non-Jews is most evident in commodity trade and innkeeping, two categories of key significance for the overall commerce sector. There is no data on the Jewish distribution within commodity trade; in the census of 1890, which shows data for the total population, commercial occupations directly related to trade with agricultural products involved about 35 per cent of the total active labour. Another large group of 38 per cent is registered as 'mixed trade' or 'other trades', two categories which were at least partially engaged in trade with agricultural commodities⁴⁹. Since in 1890, the Jews accounted for more than 90 per cent of those employed in the commodity trade sector, we may assume that these figures were representative of the Jewish distribution. It should be borne in mind, however, that the classification of different commercial occupations was made on a self-declarative principle. The inherent characteristics of Jewish commerce implied merging different types of commercial activities, a phenomenon typical of preindustrial economics. A typical figure was a petty trader marketing manufactured items among peasants and purchasing small amounts of marketable surplus produced on their holdings. On the whole, the Jews deriving their income from commercial activities in commodity trade forged the link between peasant producers and the market. Peasants extended their participation into commercial

⁴⁹ Cattle traders (5,030), trading with agricultural commodities (9,677), trading with food and spirits, with the exception of innkeeping (12,356). 'Berufsstatistik nach der Ergebnissen der Volkszählung vom 31. Dez. 1890 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol. 33 (1894), H. 8, p. 158.

agriculture through Jewish mediation; it was similarly Jewish mediation which brought them artisanal and industrial goods from larger markets. These two mechanisms interfered in the workings of the self-subsistence cycle in which the peasant limited his consumption to the commodities produced on his land⁵⁰. The role of Jewish tradesmen was particularly important in the period when no adequate transportation system existed, because the peasants could purchase what they needed without having to travel great distances and at prohibitive cost⁵¹. Thus the Jews created and controlled a 'two way tie' - to borrow Roger Price's handy term - through both the sale of products and purchase of inputs⁵².

The second category, Jewish innkeepers, formed a very particular group in the Galician countryside. The existence of Jewish rural inns was based on the landlords' monopoly of the manufacture and distribution of alcohol which came to be known as *propinacja* (*propinatio*). Under the feudal economic regime the Jewish inn provided a solution to the problem of selling grain cultivated on the estate, and served to control the peasant's relationship with the market. As indicated by Kula and Levine, the inn operated as a siphoning-off mechanism: it extracted surplus cash from the peasants and directed it, through the purchase of alcohol, back to the closed circuit system of the manor economy⁵³. From the eighteenth century, the increase in the importance of *propinacja* in manor revenues was accompanied by the growing participation of Jews in this enterprise. The gentry contented itself with high profits from renting out the privilege; Jews, due to the combination of their precarious social position and their commercial networks, proved most suitable candidates for liquor franchise holders.

⁵⁰ Weber observed that as late as the 1870s, endured autarky prevailed in large parts of the French countryside. Peasants husbanded their money for taxes or hoarded it to acquire land; only salt and iron were paid for in cash. Agricultural prices mattered little, since few bought grain for consumption. Eugen Weber, *Peasants into Frenchman. The Modernization of Rural France 1870-1914*, London 1979, p. 35.

⁵¹ Werner Cahnman, *op. cit.* p. 109.

⁵² Roger Price, *op. cit.*, p. 344.

⁵³ Witold Kula, *An Economic History of the Feudal System: Towards a Model of the Polish Economy*, London 1976, pp. 134-144; Hillel Levine, 'Gentry, Jews and Serfs: The Rise of Polish Vodka', in *Review*, vol. 4/2 (1980), p. 235-236.

The Austrian legislation of 1849 allowed tabular landowners in Galicia to retain the right of propinacja. The transfer of some legislative powers to the Country Diet in 1867, however, also included also the right to rule on the propinacja monopoly and, on 30 December, 1875 the Diet decided to cancel the landowners' monopoly on production and sale of alcohol. The solution accepted by the deputies stipulated a period of 35 years during which the country should pay off the redemption dues and take over the propinacja rights⁵⁴. Such a settlement postponed the disappearance of Jewish inns and allowed them to retain certain functions inherited from the feudal era in the period when the Jewish inn had elsewhere ceased to exist as a widespread phenomenon. Whereas the activity of the Jewish merchant helped to erode the workings of the self-subsistence peasant economy, the Jewish innkeeper symbolized its local and self-enclosing aspect. The peasant, trading his money and agricultural product surplus in the inn for alcohol, was separated from market forces rather than subject to it. The terms of trade maintained in these transactions had no connection to market price movements and the main part of the innkeeper's gain stemmed from unequal access to information. Part of the profits, as in the feudal economy, was still transmitted to the landlord in the form of lease payments. The profits remaining to the innkeeper were usually employed by him to extend usurious loans to the peasant⁵⁵ and to secure his monopsonistic position in exchange transactions⁵⁶. Thus, the innkeepers were perhaps the most conservative Jewish professional group as its existence was intrinsically linked to the old manor system. The alliance between Jewish innkeepers and Polish landlords used to come to the fore during parliamentary elections: the innkeepers were used to bribe and confuse peasant

⁵⁴ Stefan Inglot et. al., *Historia chłopów polskich*, vol. 2, Warszawa 1972, pp. 247-248.

⁵⁵ The Jewish inn keepers usually doubled as money lenders, land holders and merchants. John-Paul Himka, *Socialism in Galicia*, Cambridge/Mass. 1983, p. 122; Idem, *Galician Villagers and the Ukrainian National Movement in the Nineteenth Century*, New York 1988, p. 163; Max Rosenfeld, *Polen und Juden*, Wien 1917, p. 72.

⁵⁶ We will not dwell here upon the number of social and cultural functions discharged by the Jewish inn. The inn was the place where peasants celebrated village feasts, learned about official legislation, gained knowledge of more distant events, arrived at an awareness of their separate interests. Extensive treatment of this issue may be found in Józef Burszta, *Wież i karczma*, Warszawa 1951.

electors in order to secure the election of landlords' candidates⁵⁷. In this way, the decreasing importance of Jewish innkeeping in the Jewish economics may be treated as indicative of one of aspect of modernization.

Table 1 reveals the decline in the proportion of Jewish labour employed in innkeeping and at the same time a simultaneous increase in the concentration index. The latter, as one may see, stemmed from the greater relative decrease of non-Jewish labour, which suggests a general decline in the innkeeping sector. One reason for this might have been the increasing interference of a new communication system and market forces into closed, local economies, which depleted the resources expropriated up till then by innkeepers. The development of the peasant temperance movement was another cause. Sobriety campaigns were pursued in both parts of Galicia under the auspices of the Roman-Catholic and Uniate Churches. The Jewish inn was targeted by peasant societies and by the clergy, viewing it as a principal source of peasant drunkenness and sloth⁵⁸. The temperance movement resulted in whole villages pledging abstinence; however, in many instances this was of an ephemeral nature⁵⁹. Nevertheless, contemporary observers noted that drunkenness was slowly receding, with the improvement of general well-being, of thrift and education⁶⁰.

⁵⁷ John-Paul Himka, *op. cit.*, p. 153.

⁵⁸ The Ukrainian temperance movement was initiated by an influential booklet published in 1874 by Father Stepan Katchala. In this book, written in the form of a conversation between priest and parishioners, the former explains the vested Jewish interest in peasants' drunkenness. The victims easily fell pray to Jewish usurious loans and ended up deprived of their land. Stepan Katchala, *Shcho nas hubyt' a shcho nam pomochy mozhe*, Lwów 1874, pp. 12-15 and p. 19.

⁵⁹ John-Paul Himka, 'Priests and Peasants: The Greek Catholic Pastor and the Ukrainian National Movement in Austria, 1867-1900', in *Canadian Slavonic Papers*, vol. 21/1 (198), p. 7. A similar campaign against the alcohol plague took place in Western Galicia in 1845; in this case it was a part of a broader movement initiated by Protestant churches in America and by the Roman Catholic Church in Ireland. The Irish model of temperance societies spread to Germany and reached Poland in the 1840s. In 1844 and 1845, in the course of some months, 800,000 people joined in West Galicia and income from propinacja fell to nothing. However, the anti-alcoholic fervor disappeared as swiftly as it came in to existence - by 1846 most peasants had resumed drinking. Stefan Kieniewicz, *op. cit.*, pp. 116-117.

⁶⁰ Siegfried Fleischer, 'Enquete über die Lage der jüdischen Bevölkerung Galiziens', in Alfred Nossig (ed.), *Jüdische Statistik*, Berlin 1903, p. 219. Hryniuk shares the view propagated in the contemporary study on the alimentation of peasants and maintains that the aftermath of the sobriety movement was of a somewhat more durable nature. According to the author of the study, in some areas of Galicia one-third or even one-half of the people did not drink vodka at all. N.

In the commercial sector as a whole, the value of the concentration index is substantially lower. This is due to the fact that this sector also grouped such categories as communications, banking and finances, where the presence of Jews was less significant⁶¹.

Clearly, the changes in the occupational structure of non-Jews are much less dramatic than among Jews, which confirms the description of the latter as being in the forefront of mobility patterns. Nevertheless, notwithstanding the extent of the Jewish concentration in a few branches of employment, one may discern the tendency towards greater diversification of occupational distribution on the part of Jews with respect to non-Jews. In every branch except innkeeping, the index figures diminish considerably between 1900 and 1910. Until we disentangle the various components of occupational mobility, we may tentatively identify the move toward diversification with another element of the general trend towards modernization.

The figures summed up in Table 1 imply the overwhelming dominance of Jews in some sectors of the Galician economy. For analytical reasons, however, we shall provide a more precise formulation of this phenomenon. Table 2 seeks to provide relevant measures; besides the percentage of Jews in the total labour of selected branches, columns 3 and 5 show the value of the domination index, another measure of disparity in the occupational distribution of two populations. The domination index relates the proportion of Jews in a given branch of employment (with respect to the total, Jewish and non-Jewish labour) to the proportion of the Jews in the overall population. Since we are using the number of active Jews in a particular branch, for comparison we therefore relate it to the proportion of Jewish labour in total active labour. An index number equal to 2, for example, shows that the share of Jewish labour in this particular branch of

Cybulski, *Próba badań nad żywieniem się ludu wiejskiego w Galicji*, Kraków 1894, p. 143; Stella Hryniuk, 'The Peasant and Alcohol in Eastern Galicia', in *Journal of Ukrainian Studies*, vol. 20 (1986), pp. 75-85; Andrey Kachor, *Ukrayins'ka molochars'ka kooperatsiya v zakhidniy Ukrayini*, Munich 1949, p. 20.

⁶¹ In 1910, there were 535 self-employed Jews and 2,529 officials in finance (banks, savings-loans banks, insurance). Most of them earned their living as board members in Schultze-Delitsch cooperatives. The country banks usually discriminated Jewish employees. On the latter, see footnote 112 in Chapter 4.

employment is two times higher than its share in the total Galician population.

Table 2. Relative Domination Index across Selected Employment Sectors, 1900-1910.

SECTOR	Jewish share in total labour	Index	Jewish share in total labour	Index
	1900		1910	
Food industry	48.88	7.00	41.73	5.45
Industry, Crafts	25.62	3.67	25.81	3.37
Commodity Trade	87.96	12.60	87.41	11.43
Innkeeping	70.84	10.15	76.00	9.93
Commerce	59.89	8.58	60.54	7.91
Total Labour	6.98		7.65	

The overwhelming domination of the Jews in the commodity trade enables us to identify the Jewish group with the overall commercial class. This in turn confirms the validity of our analysis focusing on the evolution of the Jewish economics and its consequences for Galician agriculture. Commerce served as the factor mediating between the supply of, and the demand for agricultural commodities. Therefore, the internal characteristics of the Jewish ethnic economics combined to shape new opportunities and to transmit the workings of competitive forces to the peasant. The responsiveness of the Galician peasant to the challenges of the market economy cannot be analyzed separately from the issue of Jewish economic activities.

In quantitative terms, the Jewish position in the Galician economy does not appear to have been threatened by the occupational mobility of the non-Jewish population. Between 1900 and 1910, the domination index decreased but the change was slight and did not affect the general pattern. The last row of Table 2, however, demonstrates that it was possible only due to the increase in the percentage of Jewish labour in total labour. Had the proportion of active Jews remained stable, the change would be substantially higher. This observation conforms to the pattern noted in Table 1, that is, to the significant drop in the proportion of the inactive Jewish population. One may also note that notwithstanding the increase in the proportion of active labour among the Jews, their share in the total active labour in Galicia was below their share in the overall population. The explanation of this fact lay in the smaller percentage of the Jews employed in agriculture and in the distinct age structure of the Jewish population, skewed towards more numerous children (due to the lower infant mortality) and older people (due to the greater life expectancy)⁶².

⁶² Zygmunt Nüssbrecher, *Sejmowa ankieta w sprawie nędzy żydowskiej*, Lwów 1911; Jerzy Gliksman, *Struktura zawodowa i społeczna ludności żydowskiej w Polsce*, Lwów 1930. p. 6. In more modern societies the difference tends to disappear. German population census of 1907 showed that per 100 active population fell 102 non-active Jews and 99 non-Jews. Arieħ Tartakower, 'Zawodowa i społeczna struktura żydów w Polsce odrodzonej', in Ignacy Schiper, Aleksander Haffka and Arieħ Tartakower (eds), *op. cit.*, vol. 1, p. 376.

Table 3. Share of Women in Jewish Labour across Selected Sectors of Employment, 1900-1910.

SECTOR	Number of Jewish women	% in total labour	Number of Jewish women	% in total labour
	1900		1910	
Agriculture	20223	41.27%	19937	43.28%
Food industry	1376	12.47%	2964	17.74%
Industry, Crafts	6436	12.81%	17510	22.25%
Commodity trade	16686	24.04%	39808	33.09%
Daily workers	6066	29.18%	3728	34.92%
Innkeeping	6951	30.25%	11579	42.63%
Commerce	29896	23.84%	56036	32.07%
Total Labour	68742	26.93%	95448	29.19%

A part of the rise in the proportion of the Jewish active labour force may be attributed to the increasing involvement of women in the Jewish economics. The extent of the mobilization of family labour is most significant in the commodity trade and innkeeping. We shall link this phenomenon to the growing pressures on the economic space occupied by the Jewish group⁶³ Another alternative explanation could be derived from cultural transformations allowing more room

⁶³ Economic difficulties of Jewish innkeepers deepened in 1889, after the country purchased the propination rights from the landlords. The landlords were allowed until 1910 to lease their previous propination regions; after doing so they immediately leased them back to the Jews, but leasing fees were increased by about 50 per cent. Walentyna Najdus, *Szkice z historii Galicji 1900-1904*, Warszawa 1958, p. 131.

for women to occupy new economic activities of women⁶⁴. But the generally traditional character of Galician Jewry and the deeply rooted division of family roles with the tendency toward preventing women from undertaking occupations outside family life precludes such an eventuality⁶⁵. There might have been some changes in more modernized Jewish communities, like those of Lviv or Brody, known for their adherence to the values of the German Enlightenment; yet they were too few to imply such a dramatic alteration in the course of only ten years. It seems also reasonable to assume that, apart from a rise in the occupational involvement of women, the other constituent of the increase in the proportion of the active Jewish labour force was the mobilization of minors.

⁶⁴ Schnurman argues that the transformation of the role of the Jewish woman followed emancipation and weakened the hold of tradition over many Jews. In his view this transformation was associated with the joint influence of urbanization and *embourgeoisement*. Erwin Schnurman, *La population juive en Alsace*, Paris 1936, pp. 114-115.

⁶⁵ We have indicated in Chapter 3 that in Galicia the migration of Jewish youths from rural to urban areas acted to a much lesser degree, than elsewhere, as a solvent on traditional family and communal bonds. Similarly, the prevalence of religious views opposing modernization was not seriously questioned among the Galician Jewry until the outbreak of World War I. Tartakower noted that the percentage of active women among Galician Jews was two times smaller than among German Jews. The disparity was particularly striking in the category of industrial workers because many Jews in Galicia considered physical work as a denigratory occupation. Arie Tartakower, *op. cit.*, p. 380.

Table 4. Social Distribution of Jewish Labour (in per cent of total active labour) across Selected Sectors of Employment, 1900-1910.

SECTOR	1900			1910		
	Self-employed	Workers	Helping family members	Self-employed	Workers	Helping family members
Food industry	55.86	27.18	13.74	40.11	29.80	19.78
Clothing industry	55.20	38.49	5.47	45.43	47.62	6.12
Industry, Crafts	54.85	40.69	7.33	46.16	47.43	9.05
Commodity trade	67.81	11.21	19.08	54.43	12.16	30.86
Innkeeping	52.80	13.26	30.51	40.43	11.32	45.07
Commerce	54.52	9.98	16.44	51.32	11.30	28.56

The 'workers' category has been created through the summation of three census categories: workers, *zarobnicy* and *wyrobnicy*. Two last categories were an artificial creation of the Austrian employment classification and practically did not differ from workers⁶⁶.

Table 4 displays an overview of the changes in the overall social structure of Jewish labour. Besides the already discussed increase in the proportion of active Jewish labour, discernible here in the category of helping family members, there are two other tendencies appearing consistently in the table. The decline in the percentage of self-employed Jews seems to be a natural consequence of the mobilization of family labour. Ignacy Schiper, who noticed this phenomenon in his well known monograph on Jewish commerce in Polish lands, interpreted it as proof of the deep crisis of Jewish trade in Galicia. According to this view, the drop in the relative number of self-employed may be explained by the fact that a portion of independent Jewish tradesmen lost their means of existence and sank into the mass of Jewish proletariat. Those who managed to retain their

⁶⁶ Tomasz Gąsowski, 'Struktura społeczno-zawodowa żydów galicyjskich na początku XX w.', in *Biuletyn Żydowskiego Instytutu Historycznego*, vol. (1988/1-2), p. 61.

professional independence did so with the help of family members who replaced wage workers⁶⁷. This contention has been shared by all Jewish and non-Jewish historians dealing with the issue⁶⁸.

Regarding the crisis, which affected Jewish trade between 1900 and 1910, and the demonstration of its links with demographic factors distorting the balance between the number of Jewish intermediaries and non-Jewish producers and of the rise of non-Jewish competition, is concurrent with the view presented in my work. Yet, it seems that Schiper has overlooked the other element inherent to the shift in the Jewish social distribution in commerce. In Table 4, one can see that the proportion of workers in active labour did not decrease, as Schiper's calculations imply, but increased, by 1.5 per cent for commerce overall and by 1 per cent for commodity trade. This tendency is apparent in all the branches of employment presented, as with the decrease in the percentage of self-employed, with the exception of innkeeping. The difference between Schiper's figures and my own stems from the fact that Schiper compared the 'commerce and transportations' categories as they were published in the censuses of 1900 and 1910. Thus he did not take into account that in 1900 commerce did not include innkeepers or those employed on a daily basis (although he was aware of their participation). However, since these two occupational classes were characterized by a very low number of waged workers, the proportion of workers engaged in commerce overall in 1900 has been falsely overestimated. For a similar reason, the share of self-employed was also pushed forward; it was lowest among innkeepers, who employed the highest share of women in active labour in 1900, and practically non-existent among daily workers⁶⁹.

The rise in the percentage of waged workers is small but not necessarily

⁶⁷ Ignacy Schiper, *Dzieje handlu żydowskiego na ziemiach polskich*, Warszawa 1937, pp. 254-255.

⁶⁸ Józef Tenenbaum, *Żydowskie problemy gospodarcze w Galicji*, Wien 1918, p. 45; Stanisław Gruiński, *Materiały do kwestii żydowskiej w Galicyi*, p. 32; Abraham Korkis, 'Die wirtschaftliche Lage der Juden in Galizien', in *Der Jude*, vol. 2 (1917/18), p. 576.

⁶⁹ According to Schiper, between 1900 and 1910 the proportion of workers decreased by 0.2 per cent. The drop in the category of self-employed was more precipitous: from 67.5 per cent in 1900 to 51.8 per cent in 1910. Ignacy Schiper, *op. cit.* p. 254.

insignificant. It should be borne in mind that its effects were counterbalanced by the strong preference towards the employment of family labour. It seems that one may tentatively identify two different trends acting in opposite directions. The pauperization of some Jewish tradesmen is one of them; the other would be the shift to more modern forms of commerce and distribution, accompanied by the increasing employment of waged labour. In the following section of the chapter we will elaborate on causal factors linked to both processes. So far we shall limit ourselves to suggesting that the seeds of the change lay in the emergence of the new strata of non-Jewish competitors, the decline of local markets bringing an end to low level intermediary services and the lack of sufficient economic opportunities outside the commerce sector.

Table 4 also yields figures regarding some industrial branches of employment. The clothing industry has been included here as 'the most Jewish industry', employing in 1910 42.7 per cent of the Jewish labour in the overall industrial sector. The changes in the social distribution are of a similar nature as those in commerce, but their extent illustrates better the two tendencies spawned by the changes in the economic environment. The inclination towards the mobilization of family labour is much less evident than in commerce, while the opposite is true for waged labour. The clothing industry seems to be the most advanced in the industrial sector; it has the lowest ratio of helping family members (with a very slight increment between 1900 and 1910) and, at the same time, it records the greatest increase in the proportion of waged labour. The drop in the category of self-employed is identifiable with the elimination of the smallest producers, an aftermath of railway imports of cheap industrial clothing from economically more advanced provinces of the Empire. As has been shown in Chapter 2, Jewish artisans were those who contributed most to the high rates of Jewish migration from Galicia between 1890 and 1910. Yet, the clothing industry by no means showed any signs of stagnation. On the contrary, in the first decade of the twentieth century it noted, besides the commodity trade, the most dynamic increase in its share of Jewish labour. Between 1900 and 1910, the share of the active labour force earning its living in the clothing industry grew from 7.9 to 10.3 per cent. In my view, such a pattern of change signalizes some adjustment to the

requirements of capitalist production. The clothing industry was leading in this transformation because, presumably, it was the first to be affected by the construction of the Galician railway network (in the 1880s) and by the imports of cheap textiles from Lower Austria and Bohemia. Furthermore, most clothes' producers resided in cities and towns which guaranteed a greater responsiveness (and vulnerability) to market forces.

The analogous transformation of the food industry, employing in 1900 22 per cent of the Jewish industrial work force, nevertheless proved a little less responsive to change than the clothing industry. This is conceivably due to the fact that food producers were protected to a degree from railway imports (especially in the case of perishable products) and because some of them still operated around isolated manorial economies.

The last branch of employment to follow the set of modernising trends regarding its labour distribution was the sector of intermediary services. While the changes in Jewish industry may have started somewhere around the 1880s, the commercial sector followed about 20 years later. This staggered sequencing may be better illustrated with the help of statistics, analogous to those collected for the whole country, but broken up into East and West Galicia. Unfortunately, the census of 1910 did not bring up enough information to reconstruct the occupational distribution of the Jews in the two provinces, therefore our calculations are confined to the census of 1900.

Table 5. Occupational Distribution of Jews and Non-Jews across Selected Sectors 1900.

SECTOR	Labour employed as % of total labour		C.I.	Labour employed as % of total labour		C.I.
	West Galicia			East Galicia		
	Jews	Non-Jews		Jews	Non-Jews	
Agriculture	14.46	86.97	0.17	20.64	89.01	0.23
Food industry	5.17	0.41	12.64	4.06	0.29	14.01
Garments	8.86	1.27	6.98	7.67	0.91	8.42
Industry, Crafts	19.77	5.11	3.87	19.64	3.49	5.64
Commodity trade	34.09	0.38	90.06	25.07	0.20	124.80
Finances	0.51	0.06	8.94	1.98	0.05	41.63
Daily workers	6.45	1.04	6.23	8.66	1.06	8.15
Innkeeping	10.19	0.30	34.23	8.64	0.24	35.58
Commerce	54.60	2.58	21.17	47.43	2.19	21.68

What may be inferred from this table dwells on differences in Jews' occupational distribution in East and West Galicia. Faced with stronger competition from non-Jews, Jews in the western part of the country show more evidence of occupational transformation associated with factors of modernization than the Jewish group in East Galicia. This can be seen in the greater percentage of West Galician Jews making a living in the food and garments industries, two economic branches providing a paradigm of the transition from pre-industrial

forms of Jewish craftsmanship to capitalist enterprise⁷⁰. Food production and clothing accounted respectively for 26.1 and 44.8 per cent of Jewish industrial labour in West Galicia, and 20.7 and 39.1 per cent in East Galicia. It seems that West Galician Jews managed to retain a competitive edge despite, or rather due to, the fact that they experienced economic pressure from non-Jewish society to a greater degree than the economic pressure of non-Jewish society. Proof of the latter lies in the fact that the proportion of non-Jews employed in these two branches was higher than in the eastern province. It is also likely that food and clothing producers in West Galicia were more somewhat affected earlier by the inclusion of this part of the country into the Austro-Hungarian railway network. Furthermore, in the case of food production, the area of tabular property, around which a part of Jewish enterprises were organised, was substantially lower in West than in East Galicia. Our final remark concerns a particular group of Jewish food producers composed primarily of kosher butchers producing to the needs of co-ethnics - the lower relative size of the Jewish ethnic market offered less employment opportunities to Jews in West Galicia.

From the ensuing comparison of social distribution we will see that adjustment was possible due to the change in the organizational forms of production. The growth of Jewish employment in the food and clothing industries was achieved at the expense of those branches of craftsmanship that were not susceptible to modernization, like cobblers or and blacksmiths. Therefore, on the whole, there is no difference between the two provinces of the country in the share of Jewish industrial labour.

The social distribution in the commercial sector in East and West Galicia shows disparities consistent with the findings concerning the industrial sector. The commercial sector provided employment for 54.6 per cent of West Galician Jews, that is 7.2 per cent more than in East Galicia. The origin of such a difference was the lower involvement in agricultural occupations; again, such a

⁷⁰ Yehuda Don, 'Patterns of Jewish Economic Behavior in Central Europe in the Twentieth Century', in Yehuda Don and Victor Karady (eds), *A Social and Economic History of Central European Jewry*, New Brunswick 1990, p. 138; Simon Kuznets, 'Economic Structure and Life of the Jews', in Louis Finkelstein (ed), *The Jews, Their History, Culture and Religion*, New York 1960.

situation more closely resembles the occupational distribution of the Jewish groups affected by the forces of modernization.

Table 6. Relative Domination Index 1900 across Selected Sectors.

SECTOR	Jewish share in total labour		Index	
	W. Galicia	E. Galicia	W. Galicia	E. Galicia
Food industry	37.51%	53.81%	4.88	4.18
Clothing Industry	24.89%	41.18%	3.24	3.20
Industry	15.53%	31.91%	2.02	2.48
Commodity trade	81.05%	91.21%	10.54	7.09
Finances	29.81%	48.93%	3.88	3.80
Other trade	66.27%	85.27%	8.62	6.63
Innkeeping	61.91%	74.74%	8.05	5.81
Commerce	50.13%	64.31%	6.52	5.00

The consequence of the relatively greater concentration of West Galician Jews in the commerce, food and clothing industries may be witnessed in the higher values assumed by the domination index. For the whole industrial sector, the index figure in West Galicia is lower due to the more advanced level of abandonment of certain pre-industrial Jewish crafts. Table 6 also shows another phenomenon characteristic of large sized middleman minorities: economic

development gradually limits the extent of their economic domination⁷¹. Again, the relationship between the Jewish group and the resident society in West Galicia is clearly closer to this pattern.

Table 7. Social Distribution of Jewish Labour (in per cent of total labour) across Selected Sectors 1900.

SECTOR	Self-employed		Workers		Helping family members	
	W. Galicia	E. Galicia	W. Galicia	E. Galicia	W. Galicia	E. Galicia
Food industry	54.36%	56.45%	28.09%	26.83%	15.61%	13.01%
Clothing Industry	47.86%	57.80%	46.35%	35.71%	5.26%	5.54%
Industry and Crafts	49.31%	51.67%	39.90%	37.30%	7.91%	6.49%
Commodity trade	64.45%	69.20%	13.29%	10.34%	20.51%	18.44%
Other trade	83.46%	83.46%	5.43%	4.77%	3.36%	1.42%
Inns	51.36%	53.33%	12.13%	13.67%	34.50%	29.07%
Commerce	55.51%	54.36%	11.36%	9.50%	19.53%	15.36%

⁷¹ Simon Kuznets, *op. cit.* p. 1607.

Table 8. Share of Women in Jewish Labour across Selected Sectors 1900.

SECTOR	% of women in active labour	
	W. Galicia	E. Galicia
Food industry	13.87%	11.92%
Garments	20.92%	19.63%
Industry	14.97%	12.15%
Commodity trade	25.52%	23.43%
Daily workers	39.65%	26.79%
Innkeeping	34.27%	28.79%
Commerce	27.47%	22.95%

The data presented in the last two tables conforms well to our assumptions regarding the distinct paces of adjustment to the requirements of a capitalist economy among West and East Galician Jews. The clothing industry offers the most clear example: in West Galicia, the lowest proportion of self-employed figures alongside the highest percentage of workers and the lowest percentage of helping family members. Since it is also the sector in which the difference with respect to East Galicia is the most pronounced, it seems safe to designate it as the leader in the structural shift from pre-industrial to modern forms of production. For the food industry, the gap is less obvious, which confirms our comments regarding the time gap separating it from the clothing industry.

A word should be said at this point about workers employed on a daily basis. This category is identifiable with the humblest group of Jewish tradesmen who, eked out a miserable existence. They were most frequently part-time merchants (*Gelegeintshhandler, Nothandler*), peddling used goods or acting as sales agents for their better-off compatriots. Between 1900 and 1910, the percentage share of this group in Jewish labour decreased from 8.14 to 3.26 per cent (in

absolute numbers from 20,000 to 10,670 persons). The decline of local markets and the subsequent drop in demand for exchange at a humble level seems to have been a major cause of this change. Tables 5 and 8 show again that it was West Galicia where this phenomenon occurred earlier; the percentage of day-to-day workers in Jewish labour was lower, while the extent of the involvement of women is substantially higher (by 13 percentage points).

Commodity trade and innkeeping were two other branches of commerce where the differences in the social distribution of Jewish labour may be qualified in a way similar to the industry and crafts sector. The higher proportion of self-employed in the commerce and transport sector is slightly misleading, since it was derived from a large number of Jews employed in East Galicia as railway officials⁷². The statistical trends between different categories of those gainfully employed in innkeeping in West and East Galicia are the opposite of those evident in other economic branches we have investigated thus far. In the preceding section, we referred to innkeeping as an economic activity of a purely pre-industrial nature; thus these findings confirm rather than deny the main convention.

The lack of statistics by confession for earlier periods renders comparisons over time difficult. Given the extent of Jewish domination in commodity trade and innkeeping, however, we may extrapolate some data from the statistics regarding the general population. Since the census of 1890 did not distinguish between workers and helping family members, the only category enabling us to draw some comparisons is the share of self-employed and of women in the active labour force. In 1890, the proportion of women in innkeeping was 31.31 per cent, whilst among those employed in the commodity trade it was 23.74 per cent. These two figures, when related to the data compiled in Table 3 (in 1900, 30.25 per cent and 24.04

⁷² The disparity in the number of Jewish railway officials between West and East Galicia most likely ensued from discriminatory hiring practices towards Ukrainians. Since there was not enough qualified Polish labour, in some regions of East Galicia railway companies could prefer to give employment to Jews rather than Ukrainians. In the case of Austrian railway companies, knowledge of the German language, widespread among Jews and rare among Ukrainians, might have been another factor boosting the Jewish share in employment. On the issue of discrimination against Ukrainians in the administrative professions, see Stella Hryniuk, *Peasants with Promise: Ukrainians in Southeastern Galicia 1880-1900*, Edmonton 1991, pp. 52-53.

per cent respectively), demonstrate the discontinuity of the change and point to the decade between 1900 and 1910 as the period in which the Jewish economics were exposed for the first time to the peril of non-Jewish competition. The data for 1890 is even more telling when we make use of statistics collected separately for three Galician chambers of commerce. In the Brody Chamber of Commerce, which embraced the most distant parts of Galicia where the economic domination of the Jews was strongest, the percentage of self-employed engaged in innkeeping was 43.4, and in commodity trade 67 percent. On the other hand, the Cracow Chamber of Commerce, whose area of operation matched that of West Galicia precisely, revealed a significantly lower percentage of self-employed - the figures are 37.7 and 56.9 per cent respectively. Statistics illustrating the involvement of women in active labour confer similar results. There were 23.3 per cent women active in innkeeping and 21.2 in commodity trade as registered by the Brody Chamber of Commerce. Statistics from the Cracow Chamber of Commerce reveals the highest involvement of women in the labour force - 27.3 per cent in commodity trade and 35.19 per cent in innkeeping. The Lviv's figures may be placed somewhere between those of Brody and Cracow⁷³. The difference is consistent with our general argument regarding a discrepancy in the economic interrelationships between Jews and non-Jews in East and West Galicia.

The last issue requiring some clarification concerns the drop in the number of Jews earning their living in agriculture. An examination of the changes in their social distribution shows that the decline affected neither self-employed nor estate officials. The number belonging to the former category remained unchanged (+21) with only a slight alteration in the proportion of landowners and tenants; the number of the latter, however, increased by 697, at the expense of landowners. The number of estate officials rose by 490⁷⁴, whereas that of helping family

⁷³ Calculated from 'Berufsstatistik nach der Ergebnissen der Volkszählung vom 31. Dez. 1890 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol. 33 (1894).

⁷⁴ Schiper maintains that the increase in the number of estate officials should be attributed to anti-Semitic practices - some landlords decided not to renew the contracts with Jewish *posesjonaci* (distinguished in the census as the category with a separate status) who were forced to accept the position of common officials. Ignacy Schiper, 'Żydzi w rolnictwie na terenie Małopolski', in Ignacy Schiper, Aleksander Haffka and Arieħ Tartakower (eds), *Żydzi w Polsce Odrodzonej: działalność*

members grew by 2,000. The drop in the total number of Jews gainfully employed in the agrarian sector was due exclusively to the decline in the category of daily workers, the poorest representatives of Jewish society residing in villages (7,114 in 1900, 1,803 in 1910). The most likely explanation of this phenomenon may be inferred from the acceleration in the number of Jews affected by. The subsequent decrease in the proportion of Jews living in the countryside limited the pool of ethnic labour available to Jewish employees. Since we may assume that it was mostly Jewish estate officials or Jewish owners and holders of tabular land who were providing employment to Jewish day-to-day workers, it is significant that the decline was most precipitous among the Jewish population in manorial territories - between 1900 and 1910, their proportion decreased by one third. The fact that in the categories of self-employed and estate officials there were no changes similar to those among daily workers shows clearly that direct employment in agriculture still remained an attractive economic opportunity for Jews. The growth in the number of Jewish estate officials (by 40 per cent) is of particular importance, since it was achieved in conjunction with the decline of tabular property in Galicia. Moreover, it is likely that in reality the number of Jewish holders was substantially higher. The agricultural census, carried out in 1902, showed that the Jews made up 50 per cent (2,000) among tenants of larger and smaller estates in Galicia⁷⁵. We may only assume that for some of the Jews land lease was a secondary occupation and therefore it did not appear in the censuses of 1900 and 1910⁷⁶.

The modernization perspective presented above should not be treated as the denial of persistent backwardness in the social and economic transformation of

społeczna, gospodarcza, oświatowa i kulturalna, vol. 1, Warszawa 1932-33, p. 424.

⁷⁵ Ignacy Schiper, 'Żydzi w rolnictwie na terenie Małopolski', in Ignacy Schiper, Aryeh Tartakower and Aleksander Haffika (eds), *op. cit.*, p. 426.

⁷⁶ A similar phenomenon could involve the opposite process; among the Jews qualified as earning their living in the agrarian sector some were taking up agriculture only occasionally. Some of the Jews owning a piece of land in small settlements, who did not specify their occupation to the census' officials, might have been also included to this group. Tomasz Gąsowski, *op. cit.*, p. 64; Franciszek Bujak, *The Jewish Question in Poland*, Paris 1918, p. 17.

Galician Jewry. On the whole, the scale of modern Jewish enterprise remained very small and retained many features of its preindustrial character. Yet, our main aim was to trace those precocious elements of social and economic changes - the commercialization of agriculture, the formation of business based on a wider basis than solely the family - which would ultimately add up to a set of phenomena associated with modernization. The pattern of Jewish occupational mobility was affected to a degree by the increasing diversification of the non-Jewish occupational structure. Polish society, however belated in comparison with other provinces of the Empire, proceeded at a faster pace in this direction than Ukrainians in the eastern part of the country. And the economy of Jewish communities in West Galicia shows even more progress in the shift to more modern economic structures. Yet it is difficult to put aside the impression that the shaping of the wider national market and the decline of local, isolated markets was of an equal importance. Such a conclusion is concurrent with the differences in the dissimilarity index we analyzed in Chapter 3. The index figures calculated for the populations of villages and small hamlets (between 2,000 and 5,000 inhabitants) showed an even distribution of Jews and non-Jews in East Galicia and a high disparity in Jewish and non-Jewish residence patterns in West Galicia. We have argued that the principal reason for this difference was the more sustained persistence of small scale interlinked transactions in East Galicia. The key factor, analyzed in Chapter 4, was the longer position of Jewish dominance in the East Galician rural credit market. As long as the rural credit market in East Galicia was non-existent or incompletely shaped out, the functioning of Jewish interlinked lenders was indispensable. For the poor farmer, without an access to organized credit facilities, transactions with rural Jews were the only way enabling him to hypothecate the standing crop in order to raise credit from the trader creditor⁷⁷.

Control over the credit link enabled smaller Jewish intermediaries to involve a number of local agrarian producers in the set of exchange transactions and to secure profits attractive enough when compared with available economic

⁷⁷ Pranab Bardhan, 'A Note on Interlinked Rural Economic Arrangements', in Idem (ed), *op. cit.*, p. 239.

choices (migration away from the country, movement to another region, migration to the city, a change of economic activity). In this way they could withstand for longer the pressure of factors inherent to the shaping of wider markets and acting towards the elimination of smaller intermediaries. Moreover, such a pattern of exchange drove the Jews closer to the peasants due to the necessity of carrying out constant deliveries and repeated purchases of small quantities of agricultural inputs and outputs. Hence the closer geographical proximity between Jews and non-Jews in East Galicia.

The conclusions one may draw from our analysis of the course of Jewish modernization in Galicia are twofold. The findings regarding the pattern of Jewish occupational mobility and social distribution, point to the decade of 1900-1910 as the period when the most dramatic changes occurred. They also paint the picture of the Jewish group as a society in flux. A large share of the Jewish population in Galicia still made a living in the occupations typical of traditional pre-industrial society with its proclivity towards mixed economic roles and unspecialized general services, such as unspecified trading activities or mixed trade. New occupations arising in response to the needs of a more industrialized society were represented by ready-to-wear garments and, to a certain extent, by the food industry. On the whole, however, the direction and the intensity of the social and economic transformations suggest that the pattern of the unequal exchange involving Jewish interlockers and peasant producers was not petrified into **structural unequal exchange**. The timing of the changes was coherent with the timing of the shaping of organized rural credit markets in two parts of the country. This in turn underlines the significance of the analysis we have carried out in Chapter 4 and, in more general terms, the validity of Bhaduri's assumption stressing the importance of the credit link in interlocked transactions.

Before proceeding to a section on the impact of rural trade cooperatives on the Jewish economics we shall briefly scrutinize the link between Jewish occupational distribution and the retention of ethnic solidarity. Leaving aside the skewed occupational structure, the element which most struck contemporary observers as regarded the Jewish employment pattern was the high proportion of

self-employed in active labour. Jewish historians and publicists usually juxtaposed this fact against the much lower rate of self-employment among non-Jews and presented it as a proof of Jewish pauperization and occupational 'hypertrophy'⁷⁸. The traditional theory of capitalist development described self-employment in a similar way, as an economic anachronism in the process of disappearance⁷⁹. Yet more recent studies on ethnic economics show that this phenomenon is of a more durable nature and that even one man's business may effectively compete with large enterprises⁸⁰. The theories explaining the greater propensity of some ethnic groups (middleman minorities) toward self-employment have been discussed in Chapter 1; we shall only remind ourselves here that most often they point to an interplay of factors resulting from the discriminatory practices of the majority or from the particular cultural endowment of the minority.

The issue interesting us here is the interrelationship between the Jewish pattern of employment and the strength of ethnic solidarity against the competition of resident society (under the form of the development of peasant organizations dealing with the marketing of agrarian products and the purchase of agricultural inputs). There is no point in demonstrating the superior commercial abilities of the Jews over the peasants; in the preceding section we have also disputed the advantages of family based business. We may pursue, however, that strand of our work which has dealt with the demographic developments of Galician Jewry. As we have noted, Galician historians and economists used to conceptualize it as a distortion of the 'proper' balance between the number of non-Jewish producers and Jewish intermediaries. Whereas the logic of this argument is conceivable even now, it is difficult to operationalize it without analyzing corresponding changes in the level of economic growth, the purchasing power of

⁷⁸ Ignacy Schiper, *op. cit.*, p. 455.

⁷⁹ Ivan Light, 'Disadvantaged Minorities in Self-Employment', in *International Journal of Comparative Sociology*, vol. 20/1-2, p. 31.

⁸⁰ Japanese gardeners in the United States are an example of the successful incursion of one man business into the economic niche dominated until now by larger enterprises. See Ronald Tadeo Tsukoshima, 'Cultural Endowment, Disadvantage Status and Economic Niche: the Development of an Ethnic Trade', in *International Migration Review*, vol. 25/2 (1991).

the population, the general level of urbanization, consumers' tastes and the like. In seeking to tie demographic growth to ethnic solidarity we may apply some findings of economic theory concerned with so called Homogenous Middleman Groups (HMG). Central to this theory is the idea that middlemen often share a single attribute (kinship, ethnicity, religion) in order to reduce the costs of enforcing contracts⁸¹. Social and economic relationships between the various traders in such a group create a group-specified capital which has a higher productivity when it is used in transactions with other group members than when it is used with outsiders. The advantage stems from the fact that the enforcement mechanism operates through the refusal of group members to deal with any member who has breached a contract with any other member. Under these circumstances the potential gain from breaching a contract is lower than losses resulting from the claim of the aggravated party⁸². Therefore, this mechanism fully substitutes for contract law and reduces the costs of economic activity. However, for a given level of expenditure by the group on enforcement, the probability of breach will increase as the group becomes larger and as the network of personal relationships are replaced by impersonal relations⁸³. The widespread breach of contracts among ethnic traders - be it loan agreements, forward contracts, reciprocal dealing - reduces the competitiveness of the ethnic trade and undermines the workings of ethnic solidarity.

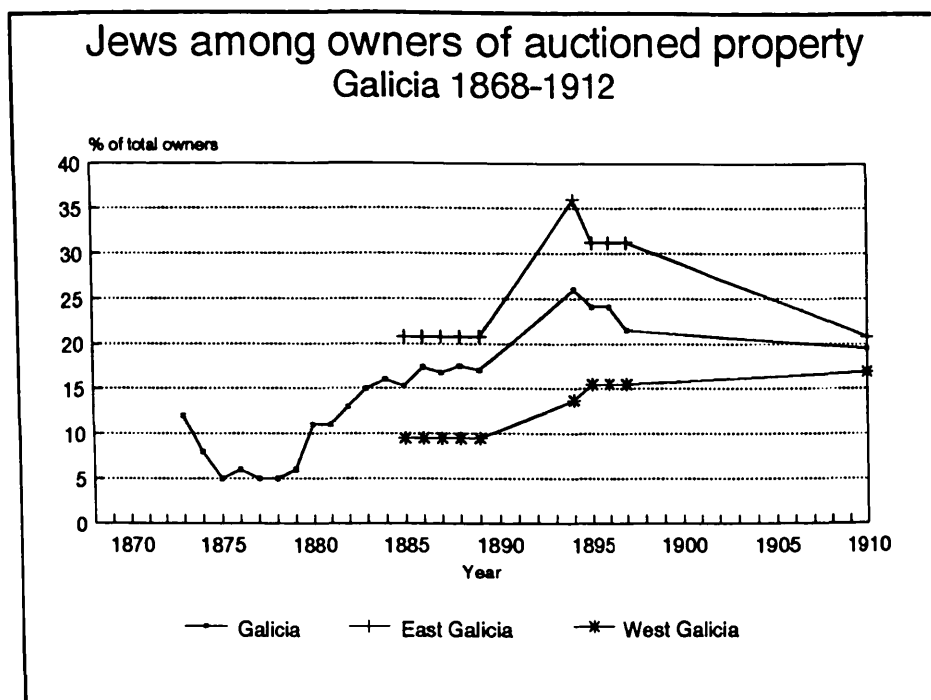
There are two sources of information providing us with data on the cases of breached contracts among Galician Jews. The first of them has been employed

⁸¹ See Janet T. Landa, 'A Theory of the Ethnically Homogeneous Middleman Group: an Institutional Alternative to Contract Law', in *Journal of Legal Studies*, vol. 10 (1981), pp. 349-362; Jack L. Carr and Janet T. Landa, 'The Economics of Symbols, Clan Names, and Religion', *Ibidem*, vol. 12 (1983), pp. 135-156; Robert Cooter and Janet T. Landa, 'Personal versus Impersonal Trade: the Size of Trading Groups and Contract Law', in *International Review of Law and Economics*, vol. 4 (1984), pp. 15-22.

⁸² Sumner La Croix, 'Homogeneous Middleman Groups: What Determines the Homogeneity?', in *Journal of Law, Economics and Organization*, vol. 5 (1985), pp. 214-215.

⁸³ Robert Cooter and Janet T. Landa, *op. cit.*, p. 16. In small size middleman groups traders personalize or particularize exchange relations as a way of coping with contract uncertainty. Janet T. Landa, *op. cit.*, p. 350.

in Chapter 4 and consists of auction announcement. From the 1870s onwards, Jews began to appear not only among the creditors but also among the owners of auctioned property.



Graph 1.

Source: Tadeusz Piłat, 'Licytacje sądowe posiadłości włościańskich i małomiejjskich w Galicji zarządzane w latach 1867 i 1868, tudzież 1873 i 1874', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 1/2 (1875); Idem, 'Licytacje sądowe posiadłości włościańskich i małomiejjskich w Galicji w latach 1875-1879', in *Ibidem*, vol. 6/1; Idem, 'Licytacje sądowe posiadłości włościańskich i małomiejjskich zarządzane w latach 1880-1883, włącznie z poglądem na lata dawniejsze począwszy od r. 1873', in *Ibidem*, vol. 8/2 (1883/84); Franciszek Stefczyk, 'Licytacje sądowe posiadłości włościańskich i małomiejjskich zarządzane w latach 1885-1889', in *Ekonomista Polski*, vol. 19 (1894), pp. 142-190; Tadeusz Zajączkowski, 'Licytacje sądowe posiadłości włościańskich i małomiejjskich w Galicji zarządzane w r. 1894 wraz z treściwym poglądem na lata poprzednie', in *Ibidem*, vol. 16/1; Krzysztof Jasiński, 'Licytacje sądowe posiadłości włościańskich i małomiejjskich w Galicji od r. 1895-1897', in *Ibidem*, vol. 17/2; Jan Rutkowski, 'Licytacje sądowe posiadłości włościańskich i małomiejjskich w Galicji zarządzane w latach 1910-1912, z uwzględnieniem lat dawniejszych', in *Ibidem*, vol. 25/1.

Initially the share of Jews among the owners of auctioned property was low

and far below their proportion in the total population. In the 1890s, however, the situation changed dramatically: in the peak year 1895, Jews made up 36 per cent of all owners of auctioned property in East Galicia. The ensuing decrease most likely occurred in the decade 1900-1910 and resulted from an acceleration in the Jewish urbanization process. Jewish rural property auctioned for debts appeared in edicts most often as a small plot of land (garden), or a house with an adjacent holding located in the village or in the suburbis of a small town. We may assume that the movement of Jewish population to the cities was identifiable with the withdrawal of capital from this type of property and hence subsequent decline in the number of Jewish debtors. Contemporary Jewish scholars interpreted the phenomenon of Jewish debtors' defaults as the evidence of economic difficulties. This is not necessarily so; the data might also have rendered the high volume of credit transactions among Jews alongside the high number of village and small town Jews who treated the owned piece of land as a transient asset. Thus, an increasing number of auctions of the Jewish property would have been derived from the increasing number of Jewish landowners and an increasing number of exchange transactions, following the commercialization of Galician agriculture. Yet it is striking that most often Jews defaulted on Jewish loans, that is, in the language of HMG theory, breached a contract with other group members⁸⁴. This in turn would have diminished the gains stemming from the contract enforcement mechanism, as described by the concept of HMG, and would have made the Jewish economics more exposed to non-Jewish competition. In more general terms one could speak about the dissolving binds of ethnic solidarity, at least as far as its economic aspect is considered.

More evidence may be found in Bujak's monograph of the small town of Limanowa, in West Galicia. On the basis of the local court registers, Bujak compiled a table formulating the data on lawsuits concerning credit matters in 1900. Jewish creditors stand against Jewish debtors in specific circumstances; commodity credit (especially garments), which amounted to 25 per cent of the total number of lawsuits, and financial loans, which amounted to 36 per cent of the

⁸⁴ The only definable group that appears as creditors alongside the Jews are large landowners. The size of this group, however, is relatively slow and decreases with time.

total number⁸⁵. Analogously to the last point, one may conclude that the data indicates that Jews abandoned the self-enforcement mechanism and resorted to regular contract law. This deprived them of a substantial advantage inherent to commercial networks of middleman minorities and contributed to intra-ethnic competition. More significantly, this process took place despite the strong powers of communal authorities, which for a long time attempted to regulate ethnic competition among Jews⁸⁶. A book on Galician Jews published in the 1870s, mentions the institution of *hazuka*, a personal privilege issued by the rabbi which granted its holder exclusive economic exploitation of a certain territory⁸⁷. Although the author probably misunderstood the term - Bujak identifies *hazuka* with the exclusion from the Jewish society - it is likely that indeed Galician rabbis and zaddics resorted to such mechanisms in order to avoid the competition between co-ethnics. It seems, however, that under the pressure of demographic factors combined with insufficient progress of economic development, ethnic competition overrode ethnic solidarity. Thirty years after the publication of the study Bujak noted in a small town Jewish community the decreasing importance of rabbinic courts and *hazuka* institution, and attributed both processes to Jewish competition⁸⁸. This also emphasises the validity of a view, according to which the

⁸⁵ Franciszek Bujak, *Limanowa, miasteczko powiatowe w Zach. Galicji. Stan społeczny i gospodarczy*, Kraków 1902, pp. 146-147.

⁸⁶ Jewish communities knew some mechanisms limiting ethnic competition. In the Christian world, where the Jewish economic activity was more restricted, the rabbi could impose Herem Hayishuv, a prohibition on the Jews settling in a community when doing so would interfere with the livelihoods of those already living there. Meir Tamari, *With All Your Possessions: Jewish Ethics and Economic Life*, New York 1987, p. 149. Hasidic movement made use of the authority of the Hasidic Zaddic in order to avoid unfair competition in business matters. Samuel Ettinger, 'Jews and non-Jews in Eastern and Central Europe between the wars: an outline', in Bela Vago and George Mosse (eds), *Jews and Non-Jews in Eastern Europe*, Jerusalem 1974, p. 4. Kahan specifies four spheres of economic activity regulated by the Jewish community: 1. the right to accept (or prevent) new settlers; 2. the right to enforce the principle of *hazakah* - of seniority or preferential option granted in the bidding or negotiation of a new contract to a previous partner over his competitors; 3. the right to guarantee the solvency of the members of the community whenever such guarantees were required; 4. the right to distribute the tax burden among the members of the community. The community's right to control economic activity of its members stemmed from the recognition of the primacy of collective communal goals over the profits of individual members. Arcadius Kahan, 'Early Modern Period', in Nachum Gross, *op. cit.*, pp. 74-75.

⁸⁷ Teofil Merunowicz, *Żydzi*, Lwów 1878.

⁸⁸ Franciszek Bujak, *op. cit.*, p. 200.

recognition of the existence of the mechanisms regulating economic competition among the Jews should not lead to excessive stress on economic solidarity⁸⁹.

Jewish trade and rural commercial organizations

We may now analyze in more depth the other factor stimulating changes in the Jewish economics, namely the development of peasant organizations involved in the marketing of the agrarian product and in the purchase of agrarian inputs. The product market is a second area, after the credit market, which is endowed with a high potential for generating ethnic conflict. We have noted that the interlinkage between these two sectors of the economy is due to the fact that the monopsonistic power of the middleman in the agricultural marketing process is usually attributed to his control over credit⁹⁰. The combat against usury constituted the most evident underpinning of the peasant cooperative movement in the first stage of its development, since usury as such most easily incited peasants' discontent. Jewish rural tradesmen were targeted by peasant organizations in the second phase because the presumed exploitation by the Jewish intermediary was not that apparent to the peasant. His ignorance of the price mechanism did not allow him to realize fully the source of Jewish profits and made him keep off commercial activities requiring a 'Jewish head'. Moreover, the competition against the solidarity of the ethnic networks of Jewish tradesmen was more difficult than in the case of Jewish money lenders. As we will see, this situation changed only a little over the period under investigation and contributed to the fact that the development of commercial organizations enjoyed rather

⁸⁹ As put forth by Zenner, it is a phenomenon that should be demonstrated, rather than assumed. Walter Zenner, 'Middleman Minority Theories and the Jews', in *Working Papers in Yiddish and East European Studies*, vol. 31 (1978), p. 21.

⁹⁰ Millard Long, 'Interest Rates and the Structure of Agricultural Credit Markets', in *Oxford Economic Papers*, vol. 20/4 (1968), p. 275.

limited success. This statement, however, does not exclude the conflictual nature of the rural goods market. Such an assumption is based on the very nature of a buyer-seller relationship which usually results in a growing hostility on the part of majority buyers⁹¹. Another consideration is that of agricultural production - popular discontent against rural vendors is particularly likely in the period of severe food shortages⁹². Finally, between 1900 and 1910 we have provided evidence for the rapid increase in the size of the Jewish population making a living in the commodity trade sector. Since this shift coincided with the development of peasant commercial organizations, one may expect the conflict to move into a higher stage.

The Jews who flocked into rural trade were attracted by good prosperity for agrarian products. In the first years following the legislation of 1868, the prices paid for crops grains and livestock increased by about 30 per cent⁹³. The rise was possible due to the construction of first Galician railways alongside new export opportunities. High demand for the output of Galician agriculture came not only from industrialized Austrian provinces but also from other countries (mainly Germany), whose commercial relations with Austria entered the peak of a free trade period⁹⁴. Between 1869 and 1883, the total value of animal meat exported from Galicia rose from 600,000 to 2,400,000 crowns⁹⁵. Commercial abilities of Jews allowed them to create in the rural market new branches with the products which seemed to the peasant of no commercial value - like feather, pig hair and eggs⁹⁶. The profitability of new ventures may be demonstrated on the example

⁹¹ Jonathan Turner and Edna Bonacich, 'Toward Composite Theory of Middleman Minorities', in *Ethnicity*, vol. 7 (1980), p. 155.

⁹² Roger Price, *The Modernization of Rural France*, London 1983, p. 212.

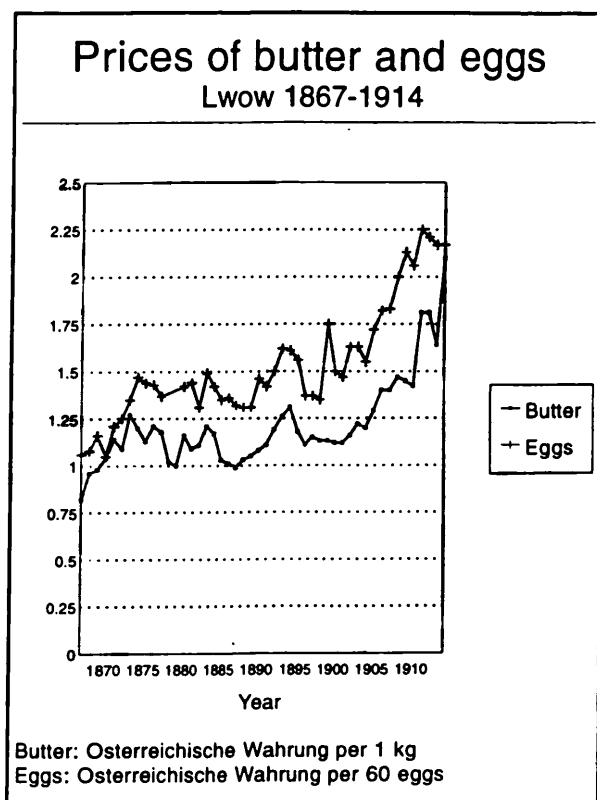
⁹³ Mieczysław Marasse. *Gospodarcze stosunki w Galicyi*, Lwów 1874, p. 24. The full price series are included in Chapter 6.

⁹⁴ W. Bugel, 'Polityka cłowa Austrii w Galicji w ostatnim 10-leciu', in *Ekonomista Polski*, vol. 7 (1891), p. 70.

⁹⁵ Stanisław Szczepanowski, *Nędza galicyjska w cyfrach*, Lwów 1887, p. 45.

⁹⁶ Trade with feather and pig hair is quoted in Szczepanowski's work as an example of Jewish entrepreneurship. In 1883 Galician Jews exported feather and pig hair valued at 3,200,000 crowns, which was more than the value of animal meat exported from Galicia. *Ibidem*, p. 46. A similar

of price series of two commodities, eggs and butter, whose exports from Galicia began after 1868⁹⁷.



Graph 2.

Source: Stanisław Hoszowski, *Ceny we Lwowie w latach 1701-1914*, Lwów 1934.

The end of the 1860s and the beginning of the 1870s was the period when the peasantry had very little knowledge on market operations. Inevitably, most profits from agrarian trade were tapped by Jewish intermediaries; it is likely that thus accumulated capital laid foundations for the Jewish position in the rural credit and land markets. But how long did Jewish monopoly remain unthreatened? And to what extent did the development of Polish and Ukrainian cooperatives

opinion on the Jewish trade with pig hair may be found in Jan Gniewosz, *O potrzebie rozwoju przemysłu domowego w Galicji*, Lwów 1878, p. 41.

⁹⁷ Franciszek Bujak, *Rozwój gospodarczy Galicji 1772-1914*, Kraków 1918, p. 29.

affect rural Jewish tradesmen? Was the situation analogous to that we observed on the rural credit market?

Most of the history of the organizational structure of the Galician cooperative movement has been documented by Polish and Ukrainian authors. Therefore we will recapitulate only briefly the facts which are already familiar. Even when already known episodes must be cited, it is always by a mere illusion and the reader is referred to works already published. Our aim will be rather the examination of the cooperative movement from a different perspective than used until now, and the critical scrutiny of certain facts that have been accepted in the light of national history.

The development of rural commercial organizations from the very beginning was characterised by national divisions analogous to those we analyzed in the example of savings-loans banks⁹⁸. The most frequent type of Polish cooperative dealing with rural trade was an agricultural circle (*kółko rolnicze*), associated as a part of the *Towarzystwo Kółek Rolniczych* (the Association of Agricultural Circles) and founded in 1882. The Ukrainian peasantry abstained from participating in agricultural circles because their introduction into East Galicia was perceived as a vehicle of Polonization⁹⁹. Although the original aim of their activity was the popularization of new farming techniques, in the initial period most of the effort was directed toward the establishment of rural shops¹⁰⁰. In 1897, the TKR created the *Związek Handlowy Kółek Rolniczych*, designed as a central wholesale organization

⁹⁸ Rural commercial organization is defined here as any peasant cooperative dealing with rural trade broadly understood. The most frequent forms of this sort were cooperative shops and granaries, associations of dairy producers, associations for cattle trade and associations purchasing agrarian inputs like machines, grain and fertilizers.

⁹⁹ Antoni Gurnicz, *Kółka rolnicze w Galicji*, Warszawa 1967, p. 84.

¹⁰⁰ 'Opinia Jana Biedronia, chłopskiego działacza gospodarczego w kółkach rolniczych w Galicji', in Krzysztof Dunin-Wąsowicz (ed), *Materiały źródłowe do historii polskiego ruchu ludowego 1864-1918*, vol. 1, Warszawa 1966, p. 90; The campaign propagating the establishment of rural shops in order to eliminate Jewish tradesmen has been carried by the national peasant movement led by a priest Stanisław Stojałowski. Antoni Gurnicz, *op. cit.*, Warszawa 1967, p. 51.

providing goods to cooperative shops¹⁰¹. On the eve of World War I, the principal Polish agricultural institutions decided to join their efforts and established the *Syndykat Rolniczy*. The new organization was supposed to coordinate the activities of all the associations involved in rural trade, but until the outbreak of the war it did not manage to initiate full scale activity¹⁰².

Some Polish rural commercial unions existed also under the auspices of the country alliance of *Schulze-Delitsch* cooperatives¹⁰³. The organizational principles of the alliance were determined by the needs of savings-loans banks. Since the version of the *Schulze-Delitsch* statute accepted by the country association explicitly excluded the possibility of combining saving and lending operations with other forms of economic activity, the founding of different type of cooperatives was treated as an aim of secondary importance¹⁰⁴.

Ukrainian commercial cooperatives until the 1890s were founded mainly on the basis of the law of 1867 (a general law on associations) which prevented them from economic benefits (tax exemptions) provided in the cooperative law endorsed by the Reichstag in 1873. Small *kramnice* (rural shops) were affiliated to the variety of institutions belonging to the Ukrainian national movement, be it the Greek-Catholic Church, communal savings banks or *Prosvita's* (the Ukrainian educational society established in 1868 in Lviv) reading clubs¹⁰⁵. The first attempt to give a more solid foundation to Ukrainian cooperatives came in 1883,

¹⁰¹ In fact the *Związek Handlowy* came into being through the merging of local wholesale organizations which were later subordinated to the Cracow organization. *Ibidem*, p. 271.

¹⁰² The *Syndykat Rolniczy* was created by *Krakowskie Towarzystwo Rolnicze*, *Syndykat Towarzystw Rolniczych* (commercial institution associating large landowners), *Związek Handlowy Kółek Rolniczych* and *Biuro Patronatu do Spraw Krajowych*. The organizational problems prolonged the commencement of the *Syndykat's* activity until 1913. Edward Taylor, *Zasady spółdzielczości handlowo-rolniczej w świetle doświadczeń Galicji*, Kraków 1918, p. 17.

¹⁰³ Among the cooperatives belonging to the *Związek* there were some of mixed Polish-Ukrainian composition. Some Ukrainian historians treat them as Ukrainian, but the majority asserts that they had no clearly defined national character.

¹⁰⁴ A similar injunction concerned the operations of Raiffeisen banks. Cezary Łagiewski, 'Stowarzyszenia współdzielcze w Małopolsce', in *Ekonomista*, vol. 21 (1921), p. 102.

¹⁰⁵ Andrey Zhuk, *Ukrainska kooperatsia v Polshy*, Lwów 1934, p. 6. In 1874, *Prosvita* published the first Ukrainian version of the *Schulze-Delitsch* statute. Ilya Vytanovych, *Istoriya ukrains'koho kooperatyvnoho rukhu*, New York 1964, p. 77.

with the establishment of the *Narodna Torhovla* (National Commerce). The Narodna Torhovla associated rural shops on the basis of their Ukrainian character, without distinguishing between commercial and cooperative enterprises. The consequent lack of organizational unity and of a central credit and wholesale institution impeded their proper functioning. In short, during the first period most Ukrainian cooperatives were not of significant economic importance¹⁰⁶.

The initial phase lasted until the 1890s, when Ukrainian national activists decided to put an end to the dispersion and fragmentization of the Ukrainian cooperative network. The major innovation was the creation of the first central organization of the Ukrainian cooperative movement (in 1898). Until 1903, the *Kraiovyi Soiuz Kreditovyi* (Crownland Credit Union) acted as a central cooperative bank endowed with the prerogatives to supervise the workings of Ukrainian economic associations. In 1904, the *Kraiovyi Soiuz Kredytovyi* was replaced in this function with a new country association, the *Kraiovyi Soiuz Reviziinyi* (Crownland Auditing Union)¹⁰⁷. Soiuz published a modified version of the original Schultze statute which came to be known as the Russkyi Narodnyi Dom statute¹⁰⁸. In contrast to Polish Schultze-Delitsch associations, the Russkyi Narodnyi Dom statute accepted the combining of credit operations with other economic operations. Rural shops, communal granaries or dairy associations could have been affiliated to the local savings-loans bank; the idea was to limit the costs of establishment¹⁰⁹. In 1908, out of the total number of 147 Ukrainian Schultze-

¹⁰⁶ 'Kredyt tovarovy a kredyt bankovy', in *Ekonomist*, vol. 2 (1905), p. 2; S. W. Borodayevskiy, *Istoriya kooperatsyi*, Praha 1925, p. 336; Ilya Vytanovych, *op. cit.*, p. 91.

¹⁰⁷ In 1903, the Reichstag passed new legislation on cooperatives based on the law of 1873, which introduced an obligatory revision of the statute's prescribed activities. The law implied the existence of a special, country organization created for this purpose. Therefore, the leadership of the cooperative movement founded the *Kraiovyi Soiuz Reviziinyi*. *Kraiovyi Soiuz Reviziinyi* continued to function as a central cooperative bank. Andrey Zhuk, *op. cit.*, p. 16; Ilya Vytanovych, *op. cit.*, p. 157.

¹⁰⁸ *Ibidem*, p. 143; Kost Levytski, *Russki kredytovi i hospodarski spilki v Halychynie*, Lwów 1908, p. 9.

¹⁰⁹ Z. Petrushevys, 'De y jakyi spilki zakladaty', in *Ekonomist*, vol. 6/5 (1909), p. 1.

Delitsch associations, 76 were based on the modified version of the statute¹¹⁰. The Kraiovyi Soiuz Reviziinyi gradually assumed the functions of the central institution of the entire Ukrainian cooperative network, but small rural shops continued to exist under the auspices of the Narodna Torhovla (which assumed the function of a central store and wholesaler) and Prosvita¹¹¹. Yet another agrarian society, fashioned after Polish Towarzystwo Kółek Rolniczych, was Silskyi Khospodar founded in 1899. Its activity, however, focused on the improvement of farming methods (especially in orchards) while rural commerce remained outside its main concern¹¹².

The national divisions in the cooperative movement did not match exactly the pattern prevalent among the savings-loans banks since the third Galician nationality, the Jews, practically did not take any part in the formation of the associations involved in rural trade¹¹³. The Jewish absence seems to be a logical consequence of the fact that most of them grouped agrarian producers. Moreover, the mechanisms inherent to ethnic trade networks were more than sufficient to overbalance the gains offered by commercial cooperatives.

The commercial cooperative movement took a variety of forms among both the Polish and Ukrainian peasantry. The data on the number and membership of non-credit cooperatives are dispersed in many sources and, unlike the case of savings-loans banks, can not be compiled into a coherent picture. The reliable time series concern the activity of agricultural associations (published periodically in

¹¹⁰ 'Zvit Tovaristva Kraiovego Soiuzu Kreditovego u Lvovi z diiatelnosti do dnia 31.12.1908', in *Ibidem*, vol. 6 (1909), p. 6.

¹¹¹ In 1891, Prosvita decided to expand its economic activity through the support given to the creation of communal granaries (by reading clubs), and the popularization of the commercial cooperative movement among its members. To fulfil this aim a special economic-industrial commission was created in 1906. Andrey Zhuk, *Ukrainska kooperatsia v Halychynie*, Kiev 1913, p. 10; Ilya Vytanovych, *op. cit.*, p. 137.

¹¹² For the needs of rural commerce the Silskyi Khospodar established in 1911 the *Kraiovyi Soiuz Hospodarsko-Torgovlennyh Spilok* (Crownland Union of Economic-Commercial Cooperatives), but the outbreak of the war did not allow the effects of its creation to be seen. Ilya Vytanovych, *op. cit.*, p. 154.

¹¹³ In 1899, there were only three Jewish associations which were based on the law of 1873 and which at the same time did not deal with credit operations (iron products, soda water and a steam mill). *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych*, vol. 26 (1899), p. 3.

a journal the *Przewodnik Kółek Rolniczych*), the data on commercial cooperatives associated in the Polish Związek Stowarzyszeń Zarobkowych i Gospodarczych and in the Ukrainian Kraiovyi Soiuz Reviziinyi (published by their press organs: the Polish *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych w Galicji i W. Ks. Krakowskim* and *Odrodzenie* and the Ukrainian *Ekonomist*) and in the Ukrainian Narodna Torhovla. Some agrarian commercial cooperatives did not belong to any central cooperative association and no data on their development is available¹¹⁴. In the case of shops owned by agricultural associations there is a problem of the credibility of financial reports sent to the central office. The existence of some shops was fictitious, some of them passed to private hands and the circle's board collected only the rent from the owner¹¹⁵. The figures on the Narodna Torhovla can not be used fully because, as we have noted, they also included some private commercial shops. In addition, a fair number of were located in large cities (Lviv) and dealt with non-agricultural products. Further, there is only fragmentary data on the development of small rural shops affiliated to communes and Greek-Catholic churches; a similar problem concerns the economic enterprises of Prosvita until the 1890s¹¹⁶. Finally, I was unable to find data on commercial cooperatives belonging to the *Russkyi Reviziinyi Soiuz* (Russian Auditing Union), the cooperative organization formed by the political adherents of a pro-Russian orientation within the Ukrainian national movement.

In spite of the gaps in the documentation of the cooperatives, the available data allows one to question empirically the validity of two points. Firstly, that the rural shops, notwithstanding their national affiliation, could not compete with

¹¹⁴ The legal requirement of the affiliation to the central organization, which would supervise the financial operations of the cooperative, did not apply to agrarian cooperatives other than savings-loans banks.

¹¹⁵ Such shops were nothing else than a free association of some landowners pooling their deposits. The duties of members were not specified which led to numerous cases of financial fraud. Moreover, the enterprise did not possess a separate legal identity; therefore credit was available only through individual loans from its founders. 'Opinia J. Biedronia chłopskiego działacza gospodarczego w kółkach rolniczych Galicji', in Krzysztof Dunin-Wąsowicz, *op. cit.*, pp. 91-92. The verification carried out by the TKR in 1898 resulted in the removal of 845 agricultural associations from the statistics (out of 1374). As a result, the number of associated peasants diminished from 61,529 to 26,117. Antoni Gurnicz, *op. cit.*, p. 80.

¹¹⁶ Ilya Vytanovych, *op. cit.*, p. 92.

Jewish tradesmen and that they did not exercise any significant economic function. Secondly, that the formation of commercial cooperatives, that is the enterprises associating small producers and attempting to market them outside the Jewish commercial network, enjoyed very limited success and until 1910 can not be considered as a significant factor in the competition against Jewish rural trade.

This cursory examination of the development of rural shops suggests that the pattern of their spread followed that of savings-loans banks. Polish agricultural circles already owned 439 shops by 1899, that is 17 years after their introduction into Galician countryside; in 1913 the number grew to 908. This growth, however, had been achieved mainly due to the increase in the number of shops leased by the circles to private entrepreneurs¹¹⁷. In 1899, such shops accounted for 32 per cent of the total number; in 1913 their proportion increased to 47 per cent. From 1902 onwards, the development of the shops administered by agricultural circles shows signs of stagnation; in some regions of the country their number even diminished. At the same time, the other types of activity carried out in agricultural circles (popularizing new types of farming, introducing new plants, importing more productive grains) developed very rapidly; as a result, between 1899 and 1913, the proportion of circles administering shops decreased from 81 to 49 per cent¹¹⁸.

Another tendency may be discerned in the financial statistics provided by the shops. The sheets show that most of them purchased supplies outside the wholesale institutions belonging to the country association of agricultural circles. Originally, rural shops were supposed to supply the members of the agricultural association with articles of wholesale trade on the non-commercial basis. In 1892, the trade with wholesale wares accounted for 85 per cent of total trade; 20 years later this figure diminished to 20 per cent¹¹⁹. The reason was the higher

¹¹⁷ Franciszek Bujak, *Galicya*, Lwów 1908, vol. 1, p. 514; Leszek Wiatrowski, 'W czasie zaborów', in Stefan Inglot (ed), *Historia chłopów polskich*, Wrocław 1992, p. 172.

¹¹⁸ Antoni Gurnicz, *op. cit.*, p. 252; Witold Pruski, *op. cit.*, p. 50.

¹¹⁹ *Ibidem*, pp. 272-273.

profitability of retail trade and the ensuing commercialization of rural shops let to private entrepreneurs¹²⁰. It might be true that in some villages a shop affiliated to the local agricultural association forced a Jewish shopkeeper to close his business or limited the profits derived from his monopolistic position. On the whole, however, the position of Jewish tradesmen remained unthreatened, since most retail goods were purchased from Jewish wholesale dealers¹²¹. To prevent this situation in the last years before the war, the country association began to establish a network of its own wholesale stores.

The dependence on Jewish wholesale trade is well documented for Ukrainian rural shops. Their development was even more rapid than in the case of Polish shops. The Narodna Torhovla boasted of 130 shops belonging to the organization as early as 1888¹²². In 1912, the Narodna Torhovla supplied goods to 831 Ukrainian member shops¹²³; in the same year, the data show the existence of an additional 540 shops affiliated to local Prosvita organizations¹²⁴. The financial reports of the Narodna Torhovla display tendencies analogous to the activities of rural shops administered by agricultural circles: increasing commercialization and dependence on Jewish suppliers. To counteract commercialization the Narodna Torhovla began to transform the best shops into regular consumer cooperatives from 1907 - in 1910 there were 53 such cooperatives in East Galicia¹²⁵. In 1903, the authorities of the organization

¹²⁰ Franciszek Bujak, *op. cit.*, footnote 1, p. 518.

¹²¹ Franciszek Bujak, *Galicja*, vol. 1, Lwów 1908, vol. 1, p. 517; Idem, *Maszkienice, wieś powiatu brzeskiego*, Kraków 1914 p. 73; Antoni Gurnicz, *op. cit.*, p. 265; Edward Taylor, *op. cit.*, p. 12; Idem, *Zwalczajmy lichwę towarową*, Lwów 1912, pp. 6-7; Leszek Wiatrowski, *op. cit.*, p. 172. In the publication issued in 1901, Stefczyk boasted of the existence of widespread network of Christian shops (both cooperative and private) in West Galicia. He admitted, however, that most often they sold retail wares and neglected the trade with agrarian products, fully controlled by Jewish intermediaries. Neither did Stefczyk mention the fact that most of the goods sold in Christian shops were provided by Jewish wholesale dealers. Franciszek Stefczyk, *Rolnicze spółki magazynowe*, Lwów 1901.

¹²² Ilya Vytanovych, *op. cit.*, p. 91.

¹²³ *Ibidem*, p. 147.

¹²⁴ Andrey Zhuk, *op. cit.*, p. 10.

¹²⁵ Ilya Vytanovych, *op. cit.*, p. 147.

carried out a survey in order to determine the origin of the goods sold in rural shops (notwithstanding their organizational affiliation). It turned out that only 6.1 per cent (180,000 crowns) of the total value of the goods was provided by central stores of the Narodna Torhovla. The remaining part was purchased from Jewish wholesale vendors¹²⁶. With respect to the shops belonging to the organization, the index was higher: in 1907 Narodna Torhovla provided 29.8 per cent of the goods marketed in 826 shops¹²⁷. Yet it still means that even in the associated shops almost three quarters of the wares were supplied by Jews.

What were the reasons for this situation? In the first period, which lasted until the end of the nineteenth century, the most apparent grounds for the dependence of Polish and Ukrainian rural trade on Jewish merchants were the lack of strong central credit and wholesale institutions. Therefore, shopkeepers were forced to buy wares from Jewish wholesale dealers who could offer them purchases based on commodity credit. This, in turn, usually generated constant debt on the side of the shopkeeper and compelled him to continue his business with the Jewish merchant. Another obvious reason was probably the greater efficiency and entrepreneurship of Jewish suppliers in comparison with small cooperative wholesale stores administered by unqualified people and offering limited number of goods. Peasant correspondents to Ukrainian newspapers described frequent cases where the joint action of Jewish shopkeepers led to the bankruptcy of a newly established communal or cooperative shop¹²⁸.

Even after the formation of the network of Polish and Ukrainian wholesale stores (at the county level) Jews continued to play a dominant part in providing wares to rural trading enterprises. An explanation of this phenomenon is of tentative character, but it seems reasonable to link it to the advancing

¹²⁶ Calculated from 'Zvit Tovaristva Kraiovego Soiuzu Kreditovego u Lvovi z diiatelnosti do dnia 31.12.1903', in *Ekonomist*, vol. 1 (1904), p. 19. The data assesses the shops which responded to the survey.

¹²⁷ Calculated from 'Protokol s sosiedania Narodnoi Torhovli u Lvivi, 01.11.1907', *Tsentralnyi Dzerhavnyi Istoritscheskyi Arkhiv u Lvivi*, f146, opyis 58, svyazka 70, spr 1956.

¹²⁸ John Paul Himka, *op. cit.*, pp. 170-171.

commercialization of Polish and Ukrainian rural shops. Cooperative shops could have gained the edge over Jewish shopkeepers only by selling the members of the agricultural circle wholesale wares at a minimal price covering costs of production - and such was the original idea of the movement. In the course of time, however, rural shops were increasingly turning into regular commercial enterprises dealing with the much more profitable retail trade¹²⁹. Although in the last years before the war, the newly established wholesale stores managed to get a cut in the rural trade, they could not undermine substantially Jewish positions. Jewish merchants could use their connections to import cheap industrial goods from other provinces of the Empire which was much more difficult for cooperative stores¹³⁰. Neither could the latter make extensive use of credit arrangements available to ethnic networks of Jewish tradesmen. Finally, the dependence on commodity credit extended by Jewish suppliers tended to perpetuate itself, due to the shopping practices of peasant clients. Jewish shopkeepers accustomed them to buy on credit; therefore cooperative shops, in order to oust the local Jew from his trading business, followed the same practice¹³¹. The Jewish tradesmen, however, enjoyed a much better rate of re-payment due to his ability to combine purchases with the transactions on other markets. Cooperative shops, in turn, either went bankrupt, or were artificially sustained with subsidies from the central organizations, or had to depend on commodity credit from Jewish suppliers.

In 1912, 30 years after the commencement of their activity, agricultural associations supplied wares to Galician agriculturalists amounting to the total sum of 1.5 million crowns¹³². Jewish publicists writing about the economic standing of Galician Jewry quite often complained about their commercial activity accusing

¹²⁹ Antoni Gurnicz, *op. cit.*, p. 272.

¹³⁰ "Thanks to the contact with other Jews and to their dialect which (...) facilitates commercial relations with the neighboring countries, the Jews are able to overflow the Polish provinces with products of German and Austrian industry..". Franciszek Bujak, *The Jewish Question in Poland*, Paris 1918, p. 20.

¹³¹ Edward Taylor, *op. cit.*, p. 25.

¹³² *Ibidem*, p. 9.

them of depriving Jewish middlemen of their means of living¹³³. In the light of the above figures, this contention seems to be exaggerated; most likely it was a consequence of anti-Semitic propaganda associated with the activity of the circles. As aptly noted by Bujak, 1.5 million crowns in the context of the nation 8 million people was just a fraction of the total commercial turnover¹³⁴. In some East Galician counties characterised by a heavy presence of Jewish population, the value of the wares supplied by the Narodna Torhovla did not exceed 3,000 crowns (in 1907)¹³⁵. These figures clearly demonstrate the failure of the boycott action declared by the Congress of Catholic Peasant Parties in 1893. Jewish tradesmen managed to retain the monopoly in the trade with goods like cattle, eggs, grain and butter well into the beginning of the twentieth century¹³⁶. For the peasant, the Jewish shopkeeper (or innkeeper) was a figure familiar for centuries¹³⁷. Therefore, the slogans claiming the necessity of the removal of Jewish tradesmen were quite often the invention of party activists, which initially were not met with

¹³³ "kółka rolnicze kaufen alles was der Bauer braucht für ihn ein und verkaufen einen Teil seiner eigener Produkte wie Butter, Eier, Speck etc". Siegfried Fleischer, 'Enquete über die Lage der jüdischen Bevölkerung Galiziens', in Alfred Nossig (ed), *Jüdische Statistik*, Berlin 1903, p. 219; Max Rosenfeld, *Polen und Juden*, Wien 1917, p. 219. The figures quoted above, however, do not offer grounds supporting this contention.

¹³⁴ Franciszek Bujak, *op. cit.*, p. 124.

¹³⁵ In Brody it was 2,300, in Rohatyn 1,200, in Śniatyń 4,800, in Kosów 5,600 crowns. 'Protokol s sosiedania Narodnoi Torhovli u Lvivi, 01.11.1907', *Tsentralnyi Dzerhavnyi Istoritscheskyi Arkhiv u Lvivi*, f146, opyis 58, svyazka 70, spr 1956.

¹³⁶ "Eggs and butter is bought uniquely by the Jewish tradesmen". The quotation concerns Limanowa, a small town in Western Galicia. Franciszek Bujak, *op. cit.*, p. 131. "In the whole country there is no single Christian grain merchant". Józef Dziedzic. *Żyd we wsi*, Kraków 1905, p. 43. "Trade with cattle still remains in Jewish hands". Franciszek Bujak. *Maszkienice, wieś powiatu brzeskiego*, Kraków 1914; "(the trade with) wood, eggs, poultry, pig hair, flax and hemp is in the hands of Jewish merchants". Leopold Lityński, *Odrodzenie ekonomiczne Galicyi*, Lwów 1907, p. 24. Interestingly, the spread of two last crops is mentioned by Hryniuk as a positive proof for agricultural progress among East Galician peasantry. Stella Hryniuk, 'Peasant Agriculture in East Galicia in the Late Nineteenth Century', in *Slavonic East European Review* vol. 2 (1985), p. 237.

¹³⁷ This conviction was reflected in the Ukrainian folk proverb: "Without a Jew, there is no trade" (*Bez zhyda i torhu nema*). John Paul Himka, *op. cit.*, p. 168. After the abolition of propination rights there were numerous cases when the whole village sent a formal request to grant the liquor franchise privilege to their favorite Jew.

particular enthusiasm by village residents¹³⁸.

The other attempt at breaking the Jewish monopoly in the trade of agrarian products was undertaken by commercial cooperatives, that is by the associations of agrarian producers marketing the agrarian output of their members and, in some cases, purchasing agrarian inputs. The First Polish commercial cooperatives belonged to the country alliance of savings-loans banks; for the reasons discussed above, their development was very slow. The enumeration of all cooperatives associated in the alliance in 1910 allows us to classify only 13 of them (with a mere 2,244 members) as involved in rural trade¹³⁹. Agrarian cooperatives grouped around the *Syndykat* developed somewhat better: in 1914, there were 26 commercial, 15 trading with livestock and 70 (1912) dealing with dairy products¹⁴⁰. In East Galicia the Ukrainian *Reviziinyi Soiuz* associated 42 cooperatives dealing with rural trade in 1912, 42 involved in the marketing of dairy products and 38 trading with livestock. To this number one should add 48 cooperatives of mixed, credit and commercial character¹⁴¹ and 75 (1911) dairy cooperatives associated in the *Kraiovyyi Soiuz Moloscharskyi* (Crownland Dairy Union), the separate organization of Ukrainian dairy producers established in Stryj¹⁴². Polish and Ukrainian cooperatives registered as dealing with livestock sold mainly small numbers of pigs¹⁴³. This was possible owing to the fact that the Jews controlled only the cattle trade (in 1913 Polish cooperatives managed to

¹³⁸ In some cases peasants were simply too reluctant to break with the tradition of buying goods from the Jewish shopkeeper and even after the establishment of the Ukrainian shop they continued to do shopping in the local Jewish store. *Ibidem*, p. 172.

¹³⁹ *Rocznik Stowarzyszeń Zarobkowych i Gospodarczych*, vol. 37 (1910).

¹⁴⁰ Cezary Łagiewski, *op. cit.*, p. 103; Edward Taylor, *op. cit.*, p. 14.

¹⁴¹ 'Zvit z diiatelnosti Kraiovego Soiuzu Reviziynogo u Lvivi i stanu soiuznih stovarishen za 1911 rik', in *Ekonomist*, vol. 10/1 (1913), p. 4.

¹⁴² Ilya Vytanovych, *op. cit.*, p. 152.

¹⁴³ In the first five months of 1911, Ukrainian cooperatives sold 11,084 pigs to the sum of 1,033,000 crowns. *Ekonomist*, vol. 8/4-5 (1911), p. 90. In 1913, landowners associated in Polish cooperatives sold 9,541 pigs whose value totalled 712,000 crowns. Cezary Łagiewski, *op. cit.*, p. 108.

sell no more than 50 cattle¹⁴⁴) and abstained from trade with pigs (for religious reasons).

Commercial cooperatives encountered problems analogous to those discussed concerning the example of rural shops: too extensive an use of commodity credit and Jewish domination in the wholesale trade¹⁴⁵. In addition, efforts to sell grain outside the Jewish trade network ended up in failure due to the solidarity of Jewish grain merchants and millers¹⁴⁶. In 1911, Jews possessed 176 mills in Galicia out of a total number of 226 mills¹⁴⁷. Jewish entrepreneurs controlled distilleries and breweries to a similar extent¹⁴⁸. Therefore, attempts to sustain the existence of small local agrarian cooperatives ended up with failure - most commercial cooperatives were large associations functioning at the county level¹⁴⁹. Until the outbreak of the war, however, the commercial turnover of Polish and Ukrainian agrarian associations remained too low to influence significantly the economic standing of the Jews involved in rural trade¹⁵⁰. Significantly, the only area of agrarian production where rural cooperatives noted some progress were dairy products. Although the first enterprises trading with milk products came into existence around 1905, by 1914 there were about 250

¹⁴⁴ *Ibidem*.

¹⁴⁵ Ignacy Domagalski, 'Szkice o rozwoju i stanie stowarzyszeń współdzielczych w Galicji i Księstwie Cieszyńskim', in *Ekonomista*, vol. 9 (1909), part 2, issue 4, p. 33; Edward Taylor, *op. cit.*, p. 12; Ilya Vytanovych, *op. cit.*, p. 147.

¹⁴⁶ Edward Taylor, *op. cit.*, p. 21. The strong position of the Jews in the milling industry was the consequence of including it in the manor's franchise under the feudal system (according to the legislation of 1 December, 1794). Although the Jews were explicitly forbidden to work in the mill (as overseers, millers etc) large landowners could sell and let mills freely; most often the mills were let to local Jews. 'Przemysł młynarski w Galicji', in *Rocznik Statystyki Przemysłu i Handlu Krajowego*, 1886, issue 1, p. 17.

¹⁴⁷ *Księga Ligi Pomocy Przemysłowej*, Kraków 1911, p. 50.

¹⁴⁸ Jews owned 50 per cent of distilleries and 60 per cent of breweries in Galicia. *Ibidem*.

¹⁴⁹ Out of 26 cooperatives belonging to the Polish Syndykat and classified as involved in agrarian commerce only 6 were local agrarian associations. Cezary Łagiewski, *op. cit.*, p. 103; Edward Taylor, *op. cit.*, p. 14.

¹⁵⁰ In 1913, the total value of the wares (grain seeds, fertilizers, coal, agrarian machines) sold in Polish cooperatives involved in rural trade was 2,868,000 crowns. Cezary Łagiewski, *op. cit.*, p. 107.

Ukrainian and Polish dairy cooperatives. Particularly impressive was the development of Ukrainian associations which laid the foundation for the interwar prosperity of the famous *Maslosoyuz* organization. The possibility of selling milk products directly to the consumers, without the help of Jewish intermediaries, was vital to this success. Another aiding factor was the coincidence between the introduction of the dairy associations and the acceleration in the urbanization process - the latter widened the market for dairy products in Galician cities.

Perhaps more significant than economic was the psychological effect of cooperative activity. Jewish publicists of this period complained quite often about rural shops and agrarian associations ruining the existence of Jewish tradesmen in the countryside. We have seen that in fact the real economic importance of this phenomenon was limited. Yet the very attempt at breaking the Jewish monopolies in trade made the Jews realize the rise of new competitors encroaching upon a traditionally Jewish area of the economy¹⁵¹.

Another point worthy of comment concerns the links between agrarian production and ethnic conflict. The fact that hundreds of Christian shops could have maintained their existence at the same time as the number of Jews employed in the commercial sector rapidly increased seems to indicate a relevant increase in the volume of marketed agrarian products. Since most of these shops dealt with retail wares, the ensuing assumption would be an increase in the purchasing power of the peasant population.

¹⁵¹ A peasant correspondent of the Ukrainian nationalist newspaper describes the reaction of the Jews to the establishment of a communal shop: "When (...) the Jews learned of it, they at first did not want to believe that peasants could do such a thing: but when they found out it was the honest truth, they became very alarmed. One Jew who had his own store came to the communal office and said: "Listen, what do you need stores for, who is going to tend for it? (...) It would be best if I gave you 400 gulden; don't set up the shop and you will save yourself much trouble". Quoted in John Paul Himka, *op. cit.*, p. 171.

6. The Geographical Pattern of Jewish Rural Settlement and the Socio-Economic Standing of the Peasantry.

The focus of the last chapter is on a statistical analysis directed to identifying relationships between the settlement patterns of the rural Jewish population and a number of variables which describe the economic and social standing of the peasantry. Two issues will be given particular attention: 1. What were the social and economic characteristics of the counties with a high percentage of Jews 2. What were the changes in the economic and social standing of the peasantry residing in such counties in the period under investigation. On this basis we will try to determine the validity of the hypotheses advanced in the preceding chapters; this should allow for the subsequent clarification of the economic function of the Jewish group within the Galician agricultural sector.

A political county will constitute a basic unit of the analysis. In the first section of this chapter, general statistical relationships will be discussed. For reasons analogous to those discussed in the preceding chapters, in some cases we will relate the distribution of the variables not only to the country but also to the provincial (East and West Galicia) levels. The second part will examine in more detail the distribution of the variables in the main regions of Jewish settlement in the country.

Because the administrative division of Galicia underwent numerous changes in the period under investigation it was necessary to introduce corresponding adjustments to our statistical calculations. Minor alterations, which did not concern more than five per cent of the county's territory and population, have been disregarded (also due to the fact that most of the variables are based on percentages rather than numbers). An exception was made for a situation where a site qualified as a city or a town has been transferred to a new county; in this case relevant figures for the Jewish and non-Jewish village and urban populations have been modified. In the case of the major territorial revisions (the creation of seven new counties between 1890 and 1910) we calculated the changes by adding

up the populations of the relevant counties, alongside the figures for the village, town and urban Jewish and non-Jewish populations. Unlike in Chapter 3, the numbers for the Jewish and non-Jewish populations at the county level are not derived from Wasiutyński's study, but from the Austrian censuses. The reason for this is that the distribution of the population is related to the distribution of other variables which are based on administrative units as they appeared in the subsequent censuses. However, for the calculations of town, village and country populations, the enumeration of the population of 232 localities included in Wasiutyński's work has been used. These sites have been distributed among the counties (according to the administrative division of 1910) on the basis of the publications regarding the Galician administrative division, registers of cities and villages published in *Wiadomości Krajowe o Stosunkach Statystycznych*¹, and contemporary maps. Analogously to Chapter 3, the village population is defined as the population of sites of below 2,000 inhabitants, the town population corresponds to the inhabitants of settlements between 2,000 and 5,000, and the urban population includes remaining localities with more than 5,000 inhabitants.

On the basis of available statistical data, the following variables have been constructed as the indices of the social and economic standing of the Galician peasantry (unless indicated otherwise the figures are compiled for 1880, 1890, 1900 and 1910 censuses).

1. Education: The proportion of illiterate people (unable to write and read) in the total county population. This variable was selected in order to verify the nature of linkages between the prevalence of Jewish intermediaries in the countryside and the general level of backwardness of the indigenous population. A general assumption is that the introduction and the consequent retention of the

¹ Tadeusz Piłat, 'Obszar, zabudowania i ludność miast większych w Galicji, dla których wydana została ustawa gminna z d. 13 marca 1889 Nr 24 Dz. U. Kr. z uwzględnieniem gmin dla których ta ustawa była pierwotnie projektowana', in *Wiadomości Krajowe o Stosunkach Statystycznych*, vol. 11/1-2 (1888); Idem, 'Podział terytorialny Galicji wg. stanu z dn. 1 stycznia 1883 r. tudzież obszar, ludność i gęstość zaludnienia powiatów', in *Ibidem*, vol. 8/1 (1883/1884); register of cities and towns in *Ibidem*, vol. 4, Table 1., pp. 63-68.

forced commerce pattern would have been facilitated by the educational distance separating Jews from the Ukrainian and Polish agrarian populations. The data is derived from the Austrian censuses; for the years 1880-1900 the figures concern the whole population, for 1910 the population above 10 years of age only.

2. Mobility: a. The population residing in the commune of birth as a percentage of the total population of the county (the proportion of the 'stationary population'); b. The immigration rate as a sum of the population present on the territory of a given county and born in an other county (per 100 total population). The assumption underlying the choice of these two variables is analogous to that we put forth with respect to the education variable; a low level of outward and inward migration is treated as a beacon of geographic isolation and lack of modernization and progress. An additional aim intended by this task is to determine the main directions of internal migration alongside the timing of their intensity. The variable a. substitutes for a variable: remaining in the commune of birth as a percentage of total population born in the county. The reason for the use of a thus defined variable is that census figures are limited to internal (Galician) migration - the data did not include the migrants staying outside the frontiers of the Austrian half of the Monarchy. Therefore the total number of those born in a county is unknown².

3. Land fragmentation: The proportion of land holdings below 5 ha area in the total number (area) of land holdings, compiled on the basis of the agrarian survey carried out by the country administration in 1902. The analysis of the variable's distribution would serve to corroborate the hypothesis, derived from the observation of rural credit markets in developing countries and from the general premises of the forced commerce concept, that greater advance of land

² Census forms included the question on the community of birth for every person registered as an Austrian resident. On this basis two divisions of population were introduced: between the population present and born in the given community, and between the population present and belonging to the given community. The right of belonging to the community other than the community of birth could have been acquired through the marriage (the wife was registered in the community of the husband) or through being promoted to a public office in this commune. Franciszek Morawski, 'Przesiedlanie się ludności z Galicji zachodniej do wschodniej na podstawie materiałów udzielonych przez c. k. Komisję Statystyczną', in *Wiadomości Krajowe o Stosunkach Statystycznych*, vol. 15/3 (1895/96), pp. 37-39. In this work we make use of the first categorization scheme.

fragmentation facilitates the persistence of the middleman's control over the credit link. This is due to the fact that small holdings face constant constraints on financial liquidity and require seasonal flows of small loans. The other assumption is that the benefits of Jewish intermediary services are more substantial for the small landowner since he faces higher transport costs (in relation to the volume of the marketed products) than the owner of the larger holding. Therefore, the small farmer would more frequently tend to make use of Jewish intermediaries, supporting in this way their existence.

4. Distribution of arable land: The percentage of arable land in the total area of the county. This variable serves to control the significance of the other statistical relations. We will also use it to validate the relation between the proportion of arable land and the settlement of the rural Jewish population. The data comes from the surveys published periodically in *Wiadomości Krajowe o Stosunkach Statystycznych*.

5. Tabular property: a. The percentage of arable land (in the total county area) owned by large landowners b. The percentage of arable land owned by Jewish landowners or held by Jewish lessees. The variable has been constructed in order to investigate the changes in the relation between Jewish economic activities and the manor economy. The data is limited to 1900 (1902) and 1910 (1912).

6. The supply of rural credit by credit cooperatives - measured by the number of rural cooperatives in the county (the type of the available data does not allow for the use of a more plausible indicator: the sum of loans extended per capita in the agrarian sector).

7. The volume of agrarian production - identified with the number of livestock per one self-employed in agriculture. The variable explores a statistical relationship between the presence of Jewish rural intermediaries and the level of animal production.

The settlement patterns of the Jewish population will be investigated on the basis of the percentage of the Jewish population related to the total number of the county population, the dissimilarity (segregation) index the between Jewish and

non-Jewish population, the Jewish population density (per square kilometre) and the percentage distribution of the Jewish population by the settlement size (related to the total number of the Jewish population in the county). The first two indices will also be calculated separately for the village, town and urban population. The detailed description of the dissimilarity index has been presented in Chapter 3. When we refer to 'high positive values of the index' the term signifies a relatively higher concentration of Jews than non-Jews (taking into account the general county population or the population of a given category of settlement). Accordingly, negative values of the index depict the opposite situation. The five per cent confidence level for Galicia ($n=72$) is .330, for East Galicia ($n=48$) .399 and for West Galicia ($n=24$) .555. Unless otherwise indicated the Pearson correlation coefficient is used.

Jewish settlement and illiteracy.

The general findings may be summed up as showing an initially strong and gradually weakening inclination of the rural Jews towards settlement in the counties with a high percentage of illiteracy in the population. Irrespective whether Jewish settlement is measured by the simple percentage of Jews in the county population, or the dissimilarity index, the relationship maintains the same direction. For 1880 the correlation regarding illiteracy and the percentage of Jews assumes the value of .391, slightly increases in 1890 to .398, and then diminishes to .351 in 1900 and .315 in 1910. A similar regularity occurs when the variable corresponding to Jewish settlement which we employ is the dissimilarity index between Jews and non-Jews. The only difference is that the coefficient for 1880 and 1890 is lower (.297 and .312) and that already in 1900 its value drops below the level of statistical significance (.193 in 1900 and .135 in 1910). It is likely, however, that to some extent the strength of the association is blurred by the substantially greater concentration of Jews in large urban settlements where the proportion of the literate was greater. The difference in the advance of

urbanization between Jews and non-Jews was most pronounced at the beginning of the investigated period, therefore it should have the greatest effect for 1880 and 1890. To remove its influence, and to gain additional and perhaps more meaningful insight into the nature of the statistical relationship, we shall calculate it for separate population groups. Another reason for this procedure is that our central argument concerns the Jewish population dwelling in villages and small towns.

When the correlation between the percentage of the illiterate and the index of dissimilarity between Jews and non-Jews involves the sites with less than 2,000 inhabitants, the pattern observed for the general population displays the same regularity, but with greater strength and clarity. For 1880 the coefficient value is .457, then it increases to .541 in 1890 and descends to .476 in 1900 and .357 in 1910. The same tendency is maintained for the correlation taking into account the dissimilarity index for 'below 5,000' population group: the values are, in time order, .583, .571, .523 and .392.

There are two methodological objections that can be raised against these results. Firstly, the drop in the correlation strength might have been caused by the general diminution of the variation in the distribution of illiteracy among the counties. Yet, it is not the case; there is no significant difference between the standard deviation of the variable in 1880 (11.16) and 1910 (10.42) whereas standard deviations for 1890 (12.5) and 1900 (13.63) are considerably greater than in 1880. Secondly, the relationship might have been biased due to the relatively greater concentration of Jews in East Galicia, where the level of illiteracy was higher than in West Galicia. The answer to this objection is self-evident - the correlation values diminish over time, while the proportions between the Jewish populations living in East and West Galicia remained unchanged. Finally, it should be kept in mind that in reality the correlation between Jewish settlement and illiteracy was some points stronger because the latter variable included the whole population of the county. The general education level among Jews was higher than among Polish and Ukrainian populations, therefore the statistical effect of Jewish proclivity towards settlement in the educationally backward counties was smaller than in reality - the more Jews resided there the greater the

impact³. Since the illiteracy among the Poles was also lower than among the Ukrainians, this effect was even more noticeable for East Galician counties and additionally suppressed the strength of the association⁴.

What's the explanation for the observed statistical relationship? Simply put, initially Jews settled in greater numbers in the counties which were the most backward from the educational point of view. Between 1890 and 1910 the point of gravity of Jewish settlement gradually shifted towards more 'literate' regions whereby the change was most noticeable in the last decade, 1900-1910. The propensity towards settling among the predominantly illiterate population should be interpreted as proof that Jews retained their semi-feudal position in the agrarian sector in some regions. In the counties belonging to such regions Jewish economic activities continued to be organized around the status gap - the remnant of the feudal social organization - opened to them in the occupational structure of the resident society. Since the decree abolishing serfdom in Galicia was issued in

³ Among immigrants to the United States illiterate persons accounted for 20 per cent of Jews, 32.3 per cent of Poles and 50 per cent among Ukrainians. Diamand, Henryk (ed.) *Podręczniki statystyki ziem polskich - tablice statystyczne gospodarki społecznej w Austrii ze szczególnym uwzględnieniem Galicji*, Kraków 1913, p. 104. The difference is not as large as one may expect due to the very traditional character of the Jewish community in Galicia. The data quoted above concern the beginning of the twentieth century, when popular education achieved some progress among the Polish and Ukrainian peasantry. Jews mostly abstained from sending children to Polish and Ukrainian elementary schools, therefore they did not participate fully in the improvement of the Galician educational system. Moreover, people trained within the traditional system of Jewish education were often semi-literate even as far as their own language was concerned. Kahan termed this issue 'the myth of East European Jewish immigrant literacy'. He wrote: "The myth is based upon the correct assumption that the majority of males received the traditional instruction in the religious school and therefore could read the prayers and even the Bible. What is often forgotten, however, is that the instruction concentrated primarily on reading, not on writing, and that the reading of Hebrew characters in the prayer book did not guarantee the ability to read newspapers, books etc.". Quoted after B. R. Chiswick, 'Jewish Immigrant Skill and Occupational Attainment at the Turn of the Century', in *Explorations in Entrepreneurial History*, vol. (1990). p. 7.

The difference in the level of literacy among Jews and non-Jews was probably much more pronounced in the 1870s and 1880s, when most of the rural population in the country had no access to any educational institutions. We can also assume that the nature of economic activity of the Jewish tradesmen and merchants who came in contact with the peasantry made them more literate than other strata of the Jewish population.

⁴ In 1910 in East Galicia 181 Polish children (per 1000 population) were enrolled in elementary schools while for Ukrainians the number was 139. 26.3 per cent of the adult Polish population was illiterate against 62 per cent of adult Ukrainians. The data for Poles are overestimated because they regard Polish speakers, including the Jews who claimed a command of Polish language. W. Lutosławski and E. Romer, *The Ruthenian Question in Galicia*, Paris 1919, p. 9.

1848, about fifty years earlier, one can see the sluggishness with which Galician agriculture was drifting towards more modern production and distribution systems.

For Jewish economics the advantages stemming from interacting with the overwhelmingly illiterate indigenous population were multiple. Low literacy implies low perception of the social changes associated with modernization: the spread of nationalist propaganda (encouraging the creation of the rural cooperatives aiming at the removal of Jewish intermediaries) and the subsequent political mobilization of the peasantry, knowledge of the market economy, the availability of information on market prices and so on. In such a setting Jews could pursue undisturbed their monopoly on the intermediary services provided to the non-Jewish population, be it rural credit services, monopsonistic and monopolistic power over the market of agrarian products or the recruitment of the labour force for the needs of local landowners. These advantages were most discernible in the countryside; therefore the correlation assumes the highest values for the Jewish settlement patterns described by the dissimilarity index in the 'below 2,000' and 'below 5,000' population groups. It is significant that the correlation coefficient including the first statistical index grows substantially (by .084) between 1880 and 1890. The rise in the strength of the association corresponds to the evidence analyzed in Chapter 3, that is to the flow of the Jewish population to the countryside, mostly in the eastern part of the country.

With a help of a simple statistical operation one may demonstrate the same phenomenon for the association concerning the dissimilarity index including the whole of the Jewish population and non-Jewish population. To do this we shall remove the effect of Jewish over-representation in urban centres through the introduction of the control variable, defined as the percentage of the total population deriving its income in the agrarian sector. The effect of this procedure is slight for 1880 but for 1890 the result is more precipitous: the value of the correlation coefficient increases from .312 to .479. A similar change occurs when we correlate the percentage of the Jewish population residing in the county, except that the increase for 1890 is even more dramatic, from .398 to .654.

The decrease in the correlation strength between 1890 and 1910 may be ascribed to a few factors. One of them was definitely the advance in the urbanization process or, more precisely, the influx of the Jewish population to large cities with a greater share of the literate population. In two main centres of Jewish in-migration, Cracow and Lviv, the illiteracy rate was notably below the country mean (in 1900 year 40.02 per cent in Lviv and 33.92 per cent in Cracow, while the average for the country was 65.86 per cent). Again, the statistical outcome of Jewish migration was reinforced by the relatively higher education among Jews which in turn affected literacy figures in the cities. Another statistical effect was that the Jewish population tended to concentrate in fewer counties which additionally weakened the strength of the relationship. The overall process shall be identified with the link between urbanization and the advance of the modernization of the Jewish population - the shift from the intermediary services supplied to the non-Jewish agricultural population to more modern forms of commerce located in the urban environment.

The answer to the question why relatively little correlation occurred between illiteracy and the settlement of the village population is more complex and refers to the wealth of processes affecting the Jewish presence in the countryside. One of them was the parcellation of tabular property which constituted the stronghold for Jewish economic activities based on contacts with the manorial economy. Between 1866 and 1912 the total area of tabular property decreased from 3,332,000 to 1,789,000 ha. Simultaneously, the share of the Jewish population registered as residing in manorial territories shrank from 25.1 per cent in 1890 to 20.6 per cent in 1900 (the data for 1910 is not available)⁵. Another reason was the shaping of the country-wide market in the aftermath of the expansion of the Galician communication network. The gradual enlargement of the markets organized around large cities, following the construction of the railways joining them to the Austrian transportation system, entailed the decline of Jewish intermediary services at a local level in the adjacent areas. This phenomenon

⁵ Stanisław Gruński, *Materiały do kwestii żydowskiej*, Lwów 1908, Table V., p. 7; *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 21/2 (1909), p. 184; Stanisław Pawłowski, *Wielka własność w Galicji wschodniej*, Lwów 1921, p. 7.

affected not only Jewish tradesmen but also Jewish village and small town craftsmen whose departure accounted for a part of the Jewish *Landfluchte*⁶. The imports of cheap manufactured goods from more advanced provinces of the Empire, provided by the spreading network of railroads, undercut their existence and forced them to leave numerous hamlets and towns scattered throughout the Galician countryside. Finally, some elements of the change should be attributed to the educational progress among Polish and Ukrainian peasantry⁷. Nevertheless, all these phenomena do not suffice to explain the overall change in the statistical relationship because they have contributed to the general decline in the proportion of Jews living in the countryside, without affecting the geographic settlement pattern itself. We will return to this problem in the further section of the chapter.

The correlation between illiteracy and Jewish settlement reveals the nature of the deadlock faced by Jewish economics. Indeed, among the non-Jewish population characterised by low literacy the Jewish monopoly on intermediate services could have remained unthreatened for long, even after the abolition of serfdom. On the other hand, the educational backwardness of the peasantry also implied a lack of knowledge of modern farming methods and, subsequently, a limited surplus of the agrarian product available for marketing. As long as

⁶ In the years 1866-1887 about 34,000 craftsmen closed their workshops. S. Wysocki, *Krótki pogląd na działalność rękodzielników galicyjskich od r. 1880 w sprawie otrzymania dostaw dla urzędów państwowych i dla c.k. armii tudzież sprawozdanie z wiecu rękodzielników dnia 27 maja 1888 roku we Lwowie odbytego*, Lwów 1888, p. 7.

⁷ Improvements in the provision of schools and education gained more ground in the 1890s, after the annulation of the Galician debt to Vienna and clearing the budget of debts. Adam Krzyżanowski, *Wydział krajowy a kredyt włościański*, Kraków 1899, p. 23. In 1912 there were 5771 rural elementary schools in Galicia. Education accounted for the major part of country spendings: 33.6 per cent of the total budget in 1901 and 40.2 per cent in 1905. Herman Diamand, *op. cit.*, p. 43; Józef Buzek, 'Materiały do reformy prawa wyborczego', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 21/1 (1905), p. 25. Educational progress made real strides in some West Galician counties. Bujak observed that in Limanowa, the seat of the mountainous county in the south, only 25 per cent of non-Jews were illiterate which was less than the figure for the Jewish population - 30 per cent. Franciszek Bujak, *Limanowa, miasteczko powiatowe w Zach. Galicji. Stan społeczny i gospodarczy*, Kraków 1902, p. 140. For the issue of progress of education among Ukrainian peasantry see Ann Sirko, *The Nationality Question in Austrian Education: The Case of Ukrainians in Galicia, 1867-1914*, Frankfurt 1980.

demographic conditions continued to be stable and the level of exploitation through the mechanism of forced commerce was high, Jewish intermediaries could find sufficient means for living. In Chapter 2, however, we have seen that it was precisely in the years 1880-1910 when the Jewish and non-Jewish population went into a phase of high birth rates and diminishing death rates. As a result, an element of dynamic population change was introduced and the relationship between Jews and the indigenous population did not take the form of a petrified or stagnant 'unequal exchange' pattern. Nevertheless, one shall note that the strength of the correlation diminishes rather slowly over time. The fact that even in 1910 there was a significant statistical relationship between illiteracy and the dissimilarity index for the 'below 2,000' population group suggests that in some regions of the country there was very little change in the functioning of Jewish economics between 1880 and 1910. When the population threshold is widened to include the population residing in the 'below 5,000' group in 1910 (that is, according to our criteria, it includes village and town populations) the correlation not only maintains its character but even slightly increases, from .357 (below 2,000) to .392 (below 5,000). In other words, until World War I there were still regions in Galicia where the majority of the Jewish population owed its monopoly on middleman services to the backwardness of the non-Jewish agricultural population.

Jewish settlement patterns and internal migration

Between 1880 and 1910 the variables measuring the intensity of internal migration correlated with the increasing strength with the distribution of the Jewish population. The secular growth of the correlation is most apparent for the relationship between the immigration rate (the number of registered by census as residents in a given county but born in other county per 100 resident population) and the two variables employed for the description of the Jewish geographical settlement: the percentage of Jews in the total county population and the dissimilarity index for the general Jewish and non-Jewish population. The correlation values regarding the first variable were, in time order, .357, .406, .497

and .543. The dissimilarity index, because of its greater ability to reflect the over-representation of Jews in large cities, correlated more strongly with the rates of immigration - in this case the values were .433, .506, .621 and .705 respectively.

Whereas the general coherence between the settlement of Jews and the major flows of internal migration is not an unexpected phenomenon - due to the same destination of Jewish and non-Jewish urbanization - some of its elements seem to be worth commenting upon. The first issue is whether, in economic terms, all the counties attracting migrants were equally attractive target for the movement of the Jewish and non-Jewish populations. The second problem is related to the first one and concerns the possibility of separating statistically Jewish population movements from the migration of non-Jews, so that one could determine the similarities and differences between the two. Put in another way, one may pose the question how far the mobility of Jews influenced the overall rates of internal mobility? The censuses were taken at the end of December, therefore they excluded the effect of the temporary migrations of workers hired by large landowners or railway companies which usually suspended construction works in the winter period⁸. As has been shown in Chapter 3, until 1900 the non-Jewish population urbanized at a very slow pace and the process involved mostly a limited number of the population from the counties neighbouring large cities. In statistical terms, these migrants contributed to the increase in the correlation strength because they moved to the cities with a large percentage of Jews. The two industrial centres that existed in Galicia - coal mines in Chrzanów district and oil basin located in Drohobycz county - attracted until 1900 only limited numbers of peasants looking for industrial occupations. Moreover, Drohobycz was among the counties most densely settled by Jews (20.1 per cent in 1890) and the influx of migrants targeting its oil pits contributed to the further increase in the significance of the relationship. It seems safe to assume that the remaining part of the migrants, at least until the acceleration in urbanization which took place around 1900, was made up of Jewish tradesmen looking for new sources of income. Hence the ultimate shape of the correlation curve would be the outcome of the

⁸ Franciszek Morawski, *op. cit.*, p. 44.

movement of the non-Jewish population, directed mostly to large cities, and the pattern of Jewish mobility. It is difficult to gauge the relative impact of these two components but one may venture the contention that, at the approximately constant rate of non-Jewish urbanization, the weight drawn by non-Jewish migration was more or less stable. That means that until the acceleration in the transfer of the non-Jewish population from rural to urban areas it was the flow of Jewish migration which decided the overall strength of the statistical relationship. Such a conjecture conforms well with a general opinion that Jews were at the forefront of mobility patterns. It seems that, since Jewish migration out of the country preceded the exodus of the Polish and Ukrainian population, a similar phenomenon took place with respect to internal migration. Besides the greater propensity of non-indigenous ethnic groups towards migratory movements, another argument can be linked to the occupational distribution: a Jewish tradesman was certainly more likely to relocate than a Polish or Ukrainian peasant, for whom the only real alternative to movement to a city was migration abroad.

Let us now look from this point of view at the shape of the investigated statistical relationship. If we accept the argument that ultimately it was the mobility of the Jewish population that determined the difference in the correlation strength measured for the subsequent censuses, than we shall seek for the origin of the changes in the geography of Jewish migration. This is particularly true for the period 1880-1900 when there was no significant variation in the annual tempo of non-Jewish urbanization. The increase in the correlation coefficient between 1900 and 1910 may be explained, at least partly, by the augmented and coherent flows of the non-Jewish and Jewish populations to large Galician cities with the high proportion of Jews.

As it has been noted, the correlation between the percentage of Jews in the total county population and the immigration rate is expressed by the coefficient of .357 for 1880 and .406 for 1890. In light of the above remarks, pointing to the contribution of non-Jewish migratory movements to the correlation strength, these values appear quite low and suggest a discrepancy between Jewish and non-Jewish mobility patterns. The only rational explanation adheres to the conclusions

presented in the discussion regarding Jewish urbanization - between 1880 and 1890 (most likely this movement had already started after Jewish emancipation of 1867) some Jews flocked to the East Galician countryside, to the counties without large settlements of the urban type (which would attract also non-Jewish migrants and thus eliminate the statistical effect of the discrepancy in Jewish and non-Jewish mobility) and with the average, or lower than average, share of Jews. We may infer a better understanding of this process from the correlation which includes the variables whose distribution is related to the province's level. In this case the coefficient for East Galicia is substantially lower than the coefficient measuring the correlation for the whole country and lower than values calculated separately for the western province. While immigration and the percentage of Jews correlate in East Galicia at the .330 and .357 level (for 1880 and 1890 correspondingly), for West Galicia the values are .582 and .607. (the difference is significant notwithstanding the higher significance level for West Galicia). In the later period the difference disappears, in fact in 1910 the value of the coefficient including the eastern part of the country is greater than the coefficient measuring the correlation for West Galicia only. The most plausible interpretation of the latter relationship refers to the cessation of Jewish migratory movements directed to rural settlements in East Galicia and to the acceleration in the urbanization process. East Galicia possessed more and larger urban settlements, therefore the augmented flows of urban in-migration influenced in a higher degree coefficient values. A similar increase in the correlation strength concerns the relationship for the whole of the country: the coefficient assumes .497 value for 1900 and .543 for 1910 year.

We may cross-check the significance of the statistical relationship regarding immigration rates by employing of a second variable constructed as an estimation on the intensity and direction of major population flows. The percentage of residents in the commune of birth related to the total population of the county (for reasons of convenience we may term it 'the percentage of the stationary population') lets us look from the opposite side at the internal migration process. The variable enables one to differentiate between the counties characterised by a

dynamic population exchange and the counties with low mobility rates, most likely geographically isolated and retarded in the reception of the stimuli linked to economic change. Analogously to the preceding calculations we will use the dissimilarity index alongside the percentage of Jews as the two measures describing the main features of the Jewish settlement patterns.

Again, the main finding is not the general direction of the correlation. The over-representation of Jews in Galician cities must have been intrinsically linked to the increase in the mobility of the general population living in the county and encourages one to expect that the relationship would have the minus sign. Nevertheless, its strength is surprisingly low in the whole time series of the coefficient regarding the association between mobility and the percentage of Jews: -.234, -.192, -.317 and -.396. For the dissimilarity index the values for 1900 and 1910 are higher (-.419 and -.532), but in 1880 and 1890 - -.282 and -.260, - they are still considerably below the level of the statistical significance. The logical conclusion is that Jewish settlement in the counties characterized by low and very low mobility indices counterbalanced to a certain extent the concentration of Jews in the urban sites. We shall note that, similarly to the situation involving the illiteracy variable, the statistical effects of the movement of Jews to such counties were smoothed by their contribution to the increase in mobility rates. Particularly striking in this context is the decrease in the correlation strength between 1880 and 1890. The most plausible explanation is derived once again from Jewish de-urbanization in this decade, but the evidence points more directly to the economic attractiveness of backward counties to Jewish tradesmen. The settlement among the non-Jewish population with a high proportion of the illiterate and a low level of mobility - two hallmarks of the society associated with isolation and localism - enabled Jewish intermediaries to initiate and realize gains inherent to the exchange pattern based on the enforced commerce principle.

The distinct characteristics of the Polish and Ukrainian peasantry leads one to expect that the correlation strength in two Galician provinces will differ in some respects. Therefore, we shall treat separately the distribution of the variable for East and West Galicia. In West Galicia the percentage of residents in the commune of birth between 1880 and 1890 correlates more strongly (with the ‘

sign) with the indices of Jewish settlement than in East Galicia. This is due to the generally higher mobility level and due to the fact that the counties with the lowest mobility rates were located in the southern, mountainous part of the province where Jewish settlement was very scarce. Hence the origin of the greater coefficient: -.524, -.617, -.629 and -.649. In East Galicia the correlation coefficient corresponds to the trend for the whole of the country, with the values below significance level for 1880 and 1890 (-.334 and -.376) and an increase in the correlation strength in the two subsequent decades (-.568 and -.663). The reasons for the disappearance of the disparity in the statistical relationship measured separately for two provinces in 1900-1910 period were analogous to those discussed earlier. The greater number of the counties with large settlements of the urban type in East Galicia combined with the acceleration in the urbanization process were the two principal factors standing behind this process.

A further and more refined perspective on the link between Jewish economic activities and population mobility is afforded by the assessment of the statistical relationship between the mobility indices and the distribution of the Jewish county population over the different categories of the settlements (in the county). As an indicator of the latter variable we shall use this time the percentage of the total Jewish population in the county residing in the settlements below 2,000 and the sites with 2,000 - 5,000 inhabitants. Notwithstanding which indicator of mobility is applied - the immigration rate or the percentage of those registered in the commune of birth - the results are coherent and point to the close association between low mobility and Jewish settlement in villages and small towns. The relationship between the immigration rate and the proportion of Jews living in 'village' and 'town' categories of settlements is negative and increases over time, from -.388 in 1880 to -.495 in 1910 for village populations and from -.358 to -.437 for town populations. A similar relationship, with the reverse sign, concerns the percentage of stationary populations. Between 1880 and 1910 the percentage of the Jewish population dwelling in villages and hamlets correlates with the increasing strength with the percentage the stationary population. The coefficients for rural Jews are .284, .309, .338 and .420, for the Jewish town population .372,

.330, .390 and .392. Thus, for the Jewish village population the statistical relation with mobility goes in the opposite direction to that regarding the general Jewish population. For the Jewish settlement patterns described by the dissimilarity index or the proportion of Jews in the total county population the positive association with mobility is the outcome of the greater weight of the Jewish urban population. Until 1890, when the share of rural Jews was still high, the overall strength and the increase in the correlation value concerning the general Jewish population was to some extent counterbalanced by the different base of the Jewish economics in the countryside. With the decrease in the weight of Jewish settlement in Galician villages the coefficient reflects increasingly the magnitude of Jewish urbanization.

The rise in the strength of the correlation between low mobility and the percentage of the Jewish county population living in the countryside signifies the gradual dissolution of lower elements of Jewish trade networks in the regions where higher mobility indicates the occurrence of certain social and economic alterations associated with modernization. Jewish trade networks based on petty Jewish intermediaries living in the countryside could have persisted only in the most isolated regions, which were the last to be affected by the process of the change. It is important to remember that the variable we use here to describe Jewish settlement corresponds to the distribution of Jews by the settlement categories in the county. In other words, the correlation shows that the higher was the proportion of the stationary population in the county, the higher the percentage of the county Jews was likely to dwell in the countryside and small towns. The consistence in the statistical relationship for these two categories of settlement points once again to the pre-modern pattern of Jewish economic activities in such counties. The construction of the indicator referring to the proportions in the *county* population allows to discover this tendency even in those counties where - due to their low economic attractiveness - the number of rural Jews was too low to be detected by other statistical measures.

The process during which social and economic changes associated with the expansion of regional markets manifested themselves through the increase in the

mobility rates was a piecemeal one. Under the influence of one factor, or the joint combination of some of them - be it the growth of a regional urban centre, joining the region to the railroad network, a subsequent decrease in transport costs and the extension of the range of local migratory movements - as the county emerged from its isolation Jews had to abandon their intermediary position in the countryside. The pre-modern market structure could have been preserved only in those regions of the country which were affected in the least degree by these phenomena. Most of these counties were situated in the eastern part of the country as a result of different features of the indigenous population, the relatively later arrival of the railway network and the lack of a common border with industrially more advanced provinces of the Empire. All these factors facilitated the longer retention of geographic isolation. Paradoxically, in statistical terms, the outcome was the opposite one - the correlation between the proportion of the Jewish county population living in villages and the percentage of the stationary population is stronger for West than for East Galicia (.515, .529, .476 and .661 against .257, .327, .399 and .358). Such a result stems from the faster decline in Jewish village and town populations of West Galicia which in turn increased the weight of the relation in the counties where high mobility combined with low percentages of the Jewish population remaining in hamlets and villages.

The direction and strength of the two analyzed relationships indicate that Jewish village and town settlement concentrated in the counties without larger urban sites (which would have augmented mobility rates and reduce the significance of the association). This tendency becomes more apparent in the course of time. The only exception from this pattern is the decrease in the correlation strength for the percentage of Jews living in villages in East Galicia between 1900 and 1910; from -.432 to -.378 in the case of immigration rate and from .399 to .358 in the case of the percentage of the stationary population. We have noted that the overall tendency can be attributed to the general decline in the percentage of the Jewish population living in towns and villages. Therefore the weight of the correlation for stable or slowly decreasing numbers of rural and town Jews in the counties with low mobility rates is increasing. In the case of East Galicia, however, it seems that between 1900 and 1910 we encounter the

phenomenon of more active population flows, that is a movement of some numbers of rural Jews to the villages located in the vicinity of large cities. We will discuss this problem in more detail in the section dealing with regional developments.

The coherence of the trends for 'below 2,000' and '2,000-5,000' sites conforms well to the assumed pattern of the Jewish trade networks in the countryside. Such networks existed in agrarian counties deprived of large urban sites and industrial centres (hence low rates of immigration). They would be scattered more or less evenly throughout the county with local markets built up around small hamlets with a predominantly Jewish population. According to the pattern of the hierarchic market structure, Jewish tradesmen in the countryside constituted the lowest element of the purchase and distribution network⁹. The area of their commercial operations included the marketing link between the farm and the local market. From historical relations it seems that under the pressure of co-ethnic competition Jewish small scale merchants did not limit their activity to the transactions concerning the purchase of surpluses of agrarian products not needed locally. Many of them also entered the market which usually functions without commercial intermediaries and encompasses local rural trade serving the needs of the immediate region. The attempts to buy agrarian products directly from the producer, or to force him into credit transactions providing such a clause, were accompanied by the activities of Jewish merchants distributing non-agrarian goods outside the market area. The main advantage of such a solution was the separation of agrarian producers from information on market prices.

Jewish market sites might be conceived of as a second stage in the marketing process whereas more distant large cities were located on the top of this hierarchy. Every stage provided for the existence of Jewish tradesmen; on the whole the pattern resulted in the dense and balanced distribution of Jews throughout the county. Therefore, the coherence between statistical relationships

⁹ Jewish ethnic trade network was shaped in a pyramid form, with a few large merchants on the top of it and an army of small middlemen (*pośrednicy, subagenci, faktorzy, Dorfgeher*) constituting the base of the pyramid. Filip Friedmann, 'Dzieje Żydów w Galicji', in Ignacy Schiper, Aleksander Haffika and Arieł Tartakower (eds), *Żydzi w Polsce Odrodzonej: działalność społeczna, gospodarcza, oświatowa i kulturalna*, vol. 1, Warszawa 1932-33, p. 401.

measured for the two lowest categories of the population sites is not an unexpected one: both constituted an element of the same trade network. Needless to say, such a pattern of market organization diverged from more modern forms of country-wide markets.

The above observations shed more light on economic difficulties regarding that part of the Jewish town population which made its living through crafts. The competition of manufactured goods imported from Bohemia and Lower Austria (the producers tailored them to the requirements of the Galician market by combining low quality with low price so that quite often this type of commodity was called 'Galizische Waren'¹⁰) was one factor¹¹. On the other hand, Jewish craftsmen dwelled in towns belonging to the counties with a predominantly agrarian population. It has been shown that quite often the prominent characteristics of this population were low mobility and a level of illiteracy higher than elsewhere in Galicia. In an environment of this type the demand for the products of Jewish crafts expanded very slowly. What is more important, the range of products the peasant was buying on the market was also rather narrow and diversified at a similarly slow rate. As a result, Jewish craftsmen found it difficult to enter into new markets which would allow them to substitute for the markets lost through the competition of Austrian industries.

The only alternative customer to the Jewish craftsman was the town population. However, the number of non-Jewish town inhabitants grew at a very slow pace, or decreased as they migrated abroad and to larger cities in other counties. With the gradual migration of the Jewish population in the same

¹⁰ Walentyna Najdus, *Szkice z historii Galicji 1900-1904*, Warszawa 1958, vol. 1, p. 42.

¹¹ Railway imports affected in first turn Jewish craftsmen dealing with clothing and leather, two occupational groups which together accounted for about 40 per cent of the Jewish artisans. Clothing and leather items constituted by far the most significant position on the list of goods imported to Galicia. In 1869 their value was 67.4 per cent of total railway imports; in 1883 the share dropped 58.8 per cent but in absolute numbers it increased from 18,200,000 to 48,800,000 zloty. Calculated from Stanisław Szczepanowski, *Nędza galicyjska w cyfrach*, Lwów 1887, p. 47. The share of manufactured imports in trade with other provinces was constantly growing and in 1913 accounted for 85 per cent of the debit side. Leon Paczeski, 'Bilans handlowy Polski', in Stanisław Kempner (ed), *Dzieje Polski przedrozbiorowej w zarysie*, Warszawa 1922, pp. 385-391.

direction, small town Jews earning their living in crafts found that the co-ethnic market was also rapidly shrinking¹². The last phenomenon may be demonstrated statistically as a relationship between the percentage of Jews in the total town population of the county and the proportion of Jews in the general county population. In other words we may ask whether there was a statistical relationship between the existence of small towns with a predominantly Jewish population and the presence of large numbers of Jews in the county, which would correspond to the large pool of the ethnic market. The answer is that there was a very weak positive correlation which diminished over time, from .354 in 1880 to .347 in 1890, .200 in 1900 and .145 in 1910. A similar result may be obtained through the correlation of the dissimilarity index for the town population with the dissimilarity index including the total population. In this case the question should be formulated in a slightly different way, that is, we would like to know whether the counties with a relatively high concentration of Jews (related to the general non-Jewish population) were at the same the counties with a relatively high proportion of the Jewish town population (related to the town non-Jewish population). The coefficients we arrived at form exactly the same trend (.297, .250, .089, .053) with the only difference being that the values are lower than for the preceding case (for East Galicia the correlation assumes even slightly negative values). We may conclude that under the joint influence of the three processes - imports of cheap manufactured commodities, the decline in the size of the ethnic market and the insufficient growth of the purchasing power of the predominantly agrarian non-Jewish population - Jewish craftsmen were that part of the Jewish community which first faced the necessity of abandoning the country and contributed in largest number to the Jewish movement overseas.

Finally, we may allude again to the issue of the divergent pace of the modernization of the Polish and Ukrainian peasantry. Differences in social structure and levels of education put Poles in a much better position to accomplish

¹² Between 1890 and 1900 the number of small town Jews decreased in Mielec, Kolbuszowa and Tarnobrzeg counties; that is in the core of the area where the Jews among the highest percentage of total small town populations. Stanisław Gruński, *op. cit.*, p. 15.

the transition to a modern society than were Ukrainians. Throughout the whole period under investigation the indices of mobility and illiteracy show consistently higher values for East Galicia. The share of the stationary population in East Galician counties was about 4 per cent greater than in West Galicia. In the case of illiteracy the difference varied between 15 (1880) and 17 (1910) per cent. Taken together with the lack of occupational diversification, lower rates of mobility and literacy point to the greater advantages available to Jewish economic activities based on contacts with the Ukrainian agricultural population.

Tabular property and the settlement of Jews

As one might have expected, there is a positive statistical relationship between the percentage of arable land owned by large landowners (for the legal definition of the tabular property see footnote 3, Chapter 4) and the settlement of Jews. The correlation is the strongest for the variable 'the percentage of Jews in total county population': .501 in 1900 and .417 in 1910. The interpretation of the relationship, however, has to take into account the fact that the tabular property was quite often located in the vicinity of large cities where the correlation with large numbers of Jews was casual. Therefore, to make the point more concrete I shall use the dissimilarity indices related to the Jewish town and village population. In such a case the coefficients are still significant - .436 for village population and .312 for town population in 1900. For 1910 the variables correlate with the decreasing strength - .314 and .288, for village and town population respectively. Notwithstanding the fact that the observed period is short - only ten years - it seems safe to assume that what we see is the concluding part of a trend which started some years earlier. The general decline in the importance of the manor economy for the Jewish economics had already begun in the 1880s but until 1900 this process was presumably very slow. The coefficient was still quite high in 1900; the direction of the chief tendencies concerning Jewish occupational structure and mobility patterns makes us believe that it was only between 1900 and 1910 that the change was so dramatic.

The relationship between Jewish settlement in town and village and the percentage of the tabular land is less discernible when we investigate East and West Galicia separately. For both provinces the coefficients are below the threshold of statistical significance, although they adhere to the same direction as the correlation observed for the whole of the country. The reasons for the discrepancy between the correlation concerning the whole country and the provinces most likely arise from the greater weight (caused by the smaller number of the counties regarded by the correlation) of the factors intervening between Jewish economic activities and the manor economy. The area of the estate is of importance - there is a difference whether the whole tabular property of the county was composed of one estate (thus one manorial territory, one administration etc.) or a number of smaller estates. This is particularly important for East Galicia where the largest latifundia (some of them exceeding 60,000 ha) were located¹³. Another reason is the quality of soil, the type of farming techniques employed by a particular landlord, the type of owner (some land property belonged to churches and industrial enterprises) the percentage of arable land in the total county area, the location of manufactures on a manorial territory (especially breweries, lumber mills and distilleries usually owned or leased by Jews) or the number of Jewish inns granted a liquor franchise permit¹⁴. As we shall see, in some East Galician counties where the dissimilarity index assumes its highest values Jewish economics interacted with the tabular property consisting mostly of woods (therefore not included in the numbers related to the percentage of the arable land). Another general phenomenon that could have contributed to the decline in the correlation strength for East Galicia was the less significant presence of Jews in the countryside of the Podole region (the reasons of this situation will be discussed later). The region was endowed with the most

¹³ The largest estate belonged to baron Liebig and company (66,746 ha) and to Roman Potocki (49,874 ha). Witold Pruski, *Hodowla zwierząt gospodarczych w Galicji w latach 1772-1918*, Wrocław 1975, vol. 2, p. 25.

¹⁴ The examples of industries located on manor areas are the brewery in Okocim (535 persons), oil pits in Schodnica area (1648 persons) or Borysław (941) or lumber mills in Wygoda and Pacyków manor area (1307 persons). Zbigniew Pazdro, 'Zaludnienie gmin i obszarów dworskich według spisu z r. 1900', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 19/2 (1901/1903), p. 97.

fertile soils in Galicia and therefore, as a whole, it had one of the highest percentages of arable land belonging to tabular property.

Jewish settlement patterns and population density

The set of demographic data regarding the Jewish and non-Jewish population allows one to examine the link between the presence of the rural Jews and the population density. In the paragraph dealing with the relationship between Jewish settlement and illiteracy we made some tentative assumptions regarding the consequences of demographic transition on the unequal exchange based on the forced commerce pattern. It has been suggested that the stable and generally low parameters of demographic growth were more favourable to the retention of the Jewish position in the countryside. We have sought the grounds for this contention in the advantages stemming from the absence of the social changes which accompany rapid population growth. Another assumption concerns the relation between the number of intermediaries, the number of agrarian producers and the growth of the marketed agrarian product. The core of the argument is that the increase in the proportion of the middleman deriving their income from contacts with the agrarian population is conditioned by the rates of economic growth in agriculture. When the limits of growth are exceeded, new phenomena emerge - such as intra-ethnic competition or the increase in mobility rates - which undermine the stability of the contractual arrangements which constitute the basis of forced commerce pattern.

An approximate substantiation of the link between demographic factors and Jewish settlement in the countryside may be obtained through the correlation between the dissimilarity index including the village population and the density of the non-Jewish population. The relationship has the negative direction which seems to be a consequence of the already mentioned fact that the rural and town Jews concentrated in counties without large urban settlements. Nevertheless - there were many predominantly agrarian counties with population densities equal or higher to that of the more urbanized counties - it appears that even in the agrarian counties Jews were more prone to settle in the areas characterised by the

relatively lower density of the non-Jewish population. The association between the two variables is noticeable for the years 1880 and 1890: $-.441$ and $-.485$. Between 1890 and 1900 there is no significant change ($-.478$) while in 1910 one may observe a substantial drop in the correlation strength, to $-.337$. The decline in the relationship including all the country seems to be a consequence of more dramatic changes taking place in East Galicia - after the continuous growth of the coefficient between 1880 and 1900 ($-.251$, $-.297$ and $-.331$) the value for 1910 plunges to only $-.160$, that is far below the threshold of the statistical significance.

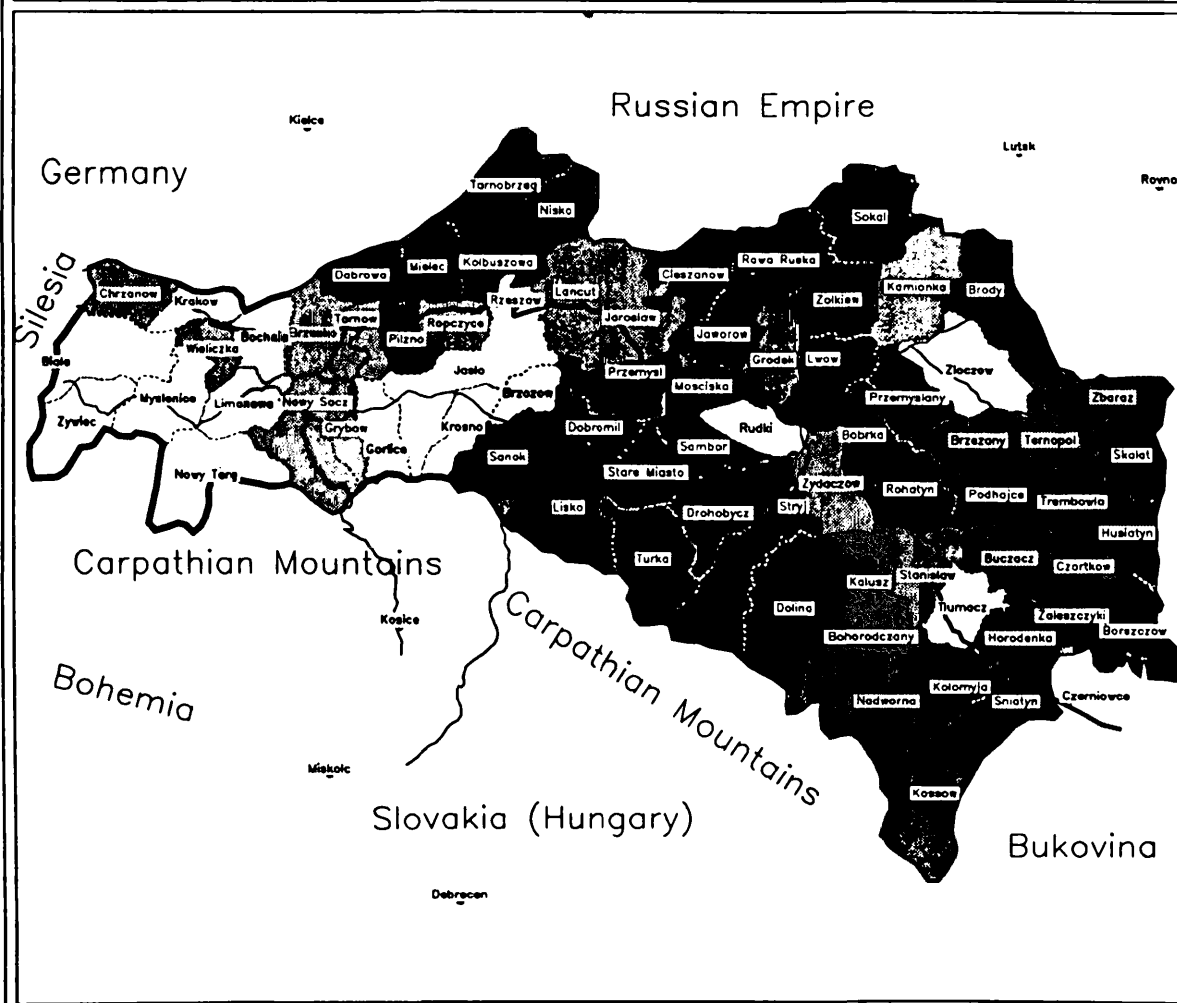
Statistically, there are two factors that could, separately or jointly, cause the coefficient to decrease - the decline in the rural Jewish population in the counties with low population density (while the relative proportion of Jews in the counties with higher population density remained unchanged or decreased to lesser degree) or the increase in Jewish rural settlement in densely populated counties. Because between 1890 and 1910 the percentage of the total Jewish rural population in the country was diminishing the second variant implies that the number of Jews in sparsely settled counties decreased at a rate exceeding the increase in more densely populated territories. The ensuing analysis of the main regions of Jewish settlement shall clarify the significance of both population movements.

The initial divergence and the subsequent increase in the coherence between the settlement pattern of the Jewish and non-Jewish populations may also be demonstrated by correlating the Jewish and non-Jewish population density. At the beginning of the period under investigation there was little statistical relationship between the two (coefficient $.291$) which reflects the different underpinning of Jewish and non-Jewish economic activities. Subsequent urbanization resulted in the growing strength of the association - with a very low increment between 1880 and 1890 - so that for 1910 the coefficient assumes $.532$ value. The negative direction of the correlation between non-Jewish population density and the dissimilarity index between Jewish and non-Jewish village population shows that until 1910 (although with the weakening strength) this tendency was counterbalanced by Jewish settlement in the countryside of the sparsely populated counties.

REGIONAL DEVELOPMENTS

In the second part of this chapter we will investigate in greater detail the distribution of the Jewish village and town population in the Galician counties and relate it to the general statistical relationships analyzed in the preceding section. The most straightforward method to determine the main regions of Jewish rural settlement is to convert the data regarding the distribution of the dissimilarity index between Jewish and non-Jewish populations dwelling in the countryside (sites with less than 2,000 inhabitants) into a cartographic form. According to what has been said in the introduction, high positive values of the index - graphically represented by the counties filled with the darkest tones - corresponded to the territories with a relatively greater proportion of the Jewish rural population. The distribution of the index for 1910 year should be of the greatest importance to us, because it shows the counties where the settlement of the Jewish rural population was most prolonged. The analysis of these regions would provide us with evidence on long term linkages between economic activities of rural Jews and the socio-economic characteristics of the indigenous non-Jewish population.

Settlement of the Jewish rural population Dissimilarity index 1880



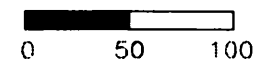
Legend

- Border
- district_1910
- Cracow-Lviv
- Lviv-Czerniowce
- RAIL_1880
- CITY

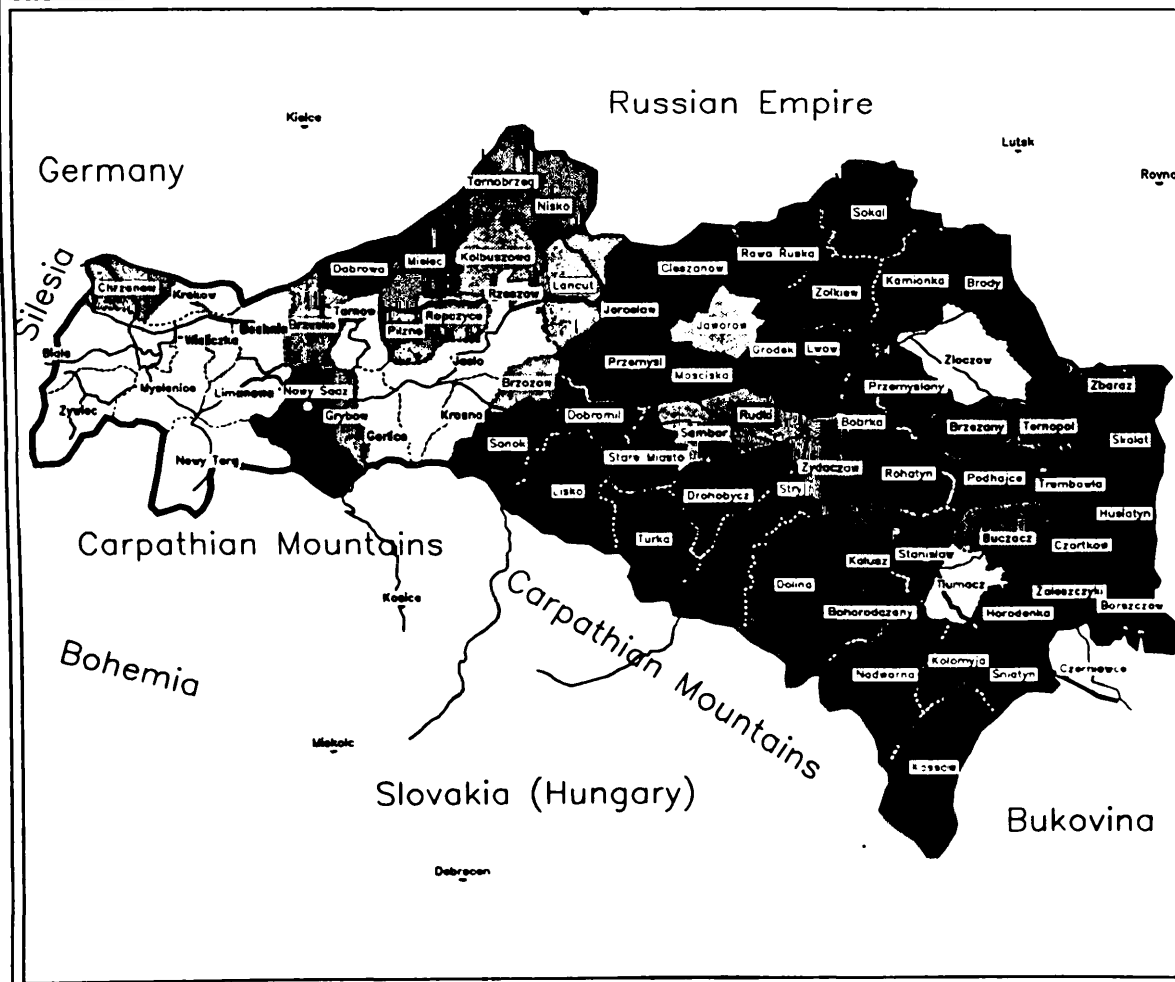
Dissimilarity index

- 1.44 to -0.42
- 0.42 to -0.11
- 0.11 to 0.07
- 0.07 to 0.37
- 0.37 to 1.69

Km



Settlement of the Jewish rural population Dissimilarity index 1900



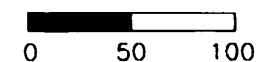
Legend

- Border
- district_1910
- Cracow—Lviv
- Lviv—Czerniowce
- RAIL_1900
- CITY

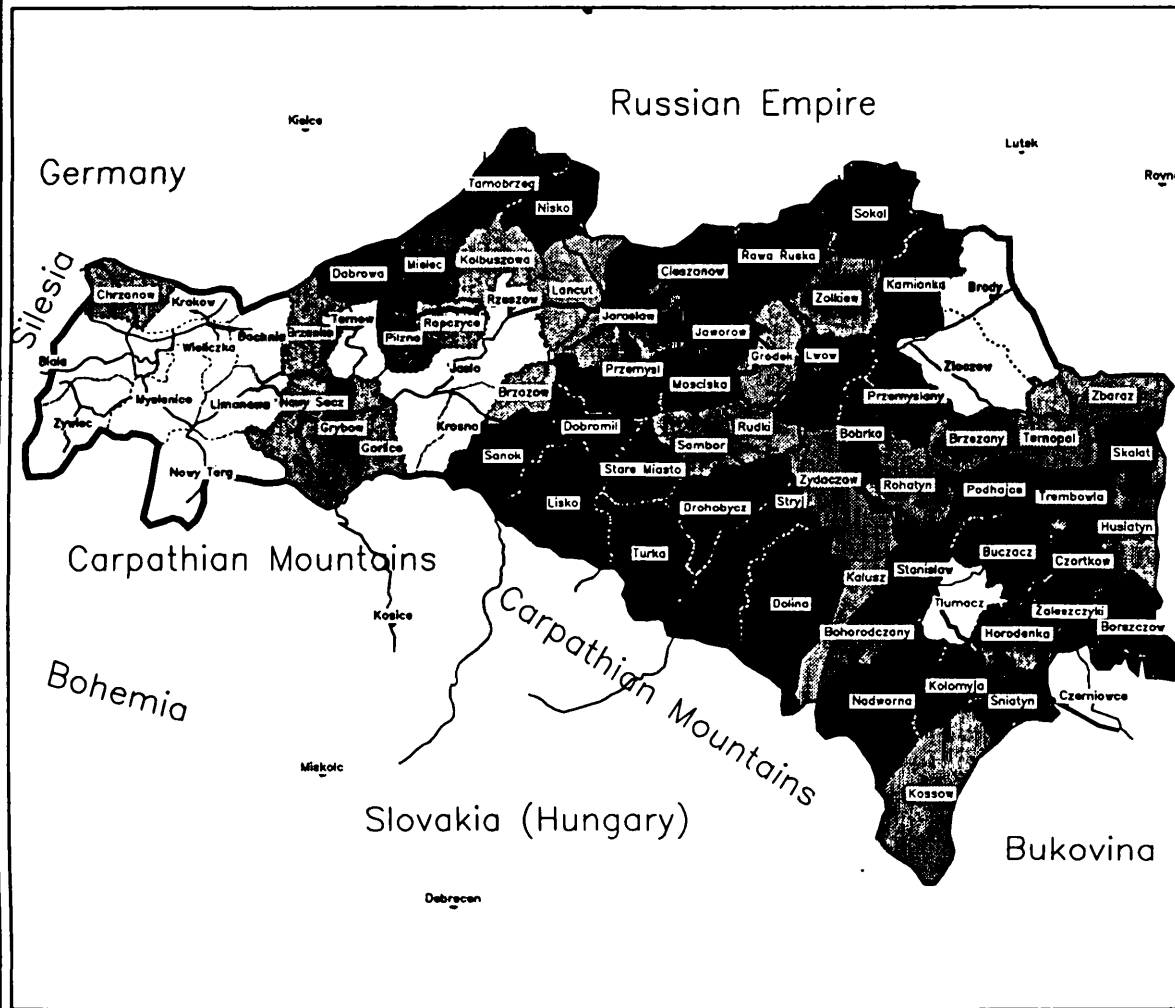
Dissimilarity index

- 1.76 to -0.45
- 0.45 to -0.07
- 0.07 to 0.16
- 0.16 to 0.38
- 0.38 to 2.03

Km



Settlement of the Jewish rural population Dissimilarity index 1910



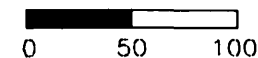
Legend

- Border
- district_1910
- Cracow-Lviv
- Lviv-Czerniowce
- RAIL_1910
- CITY

Dissimilarity index

- 2.06 to -0.49
- 0.49 to -0.18
- 0.18 to 0.05
- 0.05 to 0.39
- 0.39 to 3.37

Km



The evolution of the geographical pattern of Jewish rural settlement between 1880 and 1910 shaped three regions visible on the map showing the distribution of the dissimilarity index for 1910 year. In West Galicia five counties characterised by the relatively high numbers of the Jewish rural population (Dąbrowa, Mielec, Kolbuszowa, Tarnobrzeg, Nisko) belonged to the uniform region adjacent to the southern Polish provinces of the Russian Empire. The counties had been defined as an important area of Jewish rural and town settlement in spite of the fact that in 1910 the dissimilarity index assumes on their territory the values oscillating around zero. The justification of this choice lies in the difference between the proportion of Jews settled in East and West Galicia. For the reasons discussed extensively in this work Jews settled much more densely in the former than in the latter part of the country. Hence, the dissimilarity index, which is calculated through relating county population to the total country population, is fairly low. However, when the index measures the distribution of the village Jewish and non-Jewish populations in West Galicia only, the counties show by far the highest proportion of the Jewish rural population. Therefore, it seems reasonable to argue that the reasons for the settlement of the rural Jews were analogous to those underpinning the economic activities of the rural Jews in East Galician counties.

In East Galicia the counties which were most densely settled by the Jewish rural population formed two territorial belts. One of them stretched out in the north-eastern part of the province along the Russian border (Sokal, Kamionka, Cieszanów and Rawa Ruska). The second region of Jewish rural settlement was composed of the south-eastern counties grouped along the Slovakian provinces of the Hungarian part of the Monarchy (Sanok, Lisko, Dobromil, Stare Miasto, Dolina, Bohorodczany, Nadwórna, Turka). For the reasons which shall become evident in the following discussion we exclude from this list Stryj and Drohobycz counties although at first sight they appear to belong to the same region. They will be analyzed separately, together with Lviv, Stanisławów, Przemyśl and Jarosław, four other counties where the values assumed by the dissimilarity index shaped the curve different to the rest of the country. At this moment we shall only indicate that these counties represented the largest urban centres and the main

industrial basin in East Galicia. Therefore, one may suspect that the grounds for Jewish rural settlement on their territory differed from the counties belonging to the other regions.

In order to follow the arrangement of the variables proposed in the first part of this chapter the analysis of the socio-economic characteristics of the region shall begin with the distribution of the illiteracy variable. The linkage between illiteracy and Jewish rural settlement can be strongly corroborated for two out of the three distinguished regions. In West Galicia the mean illiteracy rate among the population of the five investigated counties was 78.9 per cent in 1880, 7.2 per cent above the average for the whole province. Out of four counties, where the percentage of the literate was the smallest in the province, three (Kolbuszowa, Nisko and Tarnobrzeg) were to be found in this area. In 1900 the difference was still maintained (6.5 per cent above the average) but in 1910, as a result of the expanding system of mass education, shrunk to 0.5 per cent only. Yet, the time period was too short to let us note the way it could have influenced Jewish economic activities in the countryside.

The illiteracy figures for East Galician counties constituting the stronghold for the Jewish rural population are even more telling. The relationship seems to be very strong for the territories stretching along the Slovakian border. Counties like Lisko (with the greatest number of the village communes where Jews accounted for 10-30 per cent of the inhabitants¹⁵), Dolina, Turka, Nadwórna, Bohorodczany and Dobromil had by far the highest proportion of illiterate people in the country (above 96 per cent in 1880, 7 per cent more than province and 13 per cent more than the country average) throughout the whole of the investigated period. In 1910 the disparity did not decline but substantially widened: for Nadwórna, Lisko and Bohorodczany it was 14 per cent above the province average (19 per cent above country average). Turka held the absolute record with 52 per cent of its population above 10 years age still being unable to write and read, the proportion more than 23 per cent higher than the country mean. Widespread

¹⁵ Józef Buzek, 'Rozsiedlenie ludności Galicji według wyznania i języka', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 21/2, (1906/09), p. 19.

illiteracy was a consequence of the fact that the Carpathian counties constituted a compatible region of the purely Ukrainian settlement¹⁶ with very few urban sites - the two factors fostering low literacy rates.

The counties encompassing north-eastern territories in East Galicia were the second area where the percentage of the Ukrainian population was the highest in East Galicia¹⁷ but the association between illiteracy and the presence of the rural Jews does not seem to be of importance. In fact in two counties - Sokal and Kamionka - the illiteracy rate was well below the province's average. Two remaining counties - Cieszanów and Rawa Ruska - seem to fit better the presumed relationship between Jewish economic activities in the countryside and the advantages derived from the low education among the non-Jews. Yet, even in this case, the difference is consistently significant only for Rawa Ruska; in Cieszanów county the proportion of illiterate is slightly above the average only in the 1880-1900 period.

The next statistical association to be examined is the relationship between mobility and the Jewish share in town and village populations. The mobility rates in West Galician region of Jewish settlement conform well to the overall pattern. In the whole territory immigrants accounted for a low and very low proportion of the overall population, which was constituted almost uniquely by the population remaining in the commune where they were born. Five 'Jewish' counties had the average immigration rate of 3.57 per cent (in 1880), that is 25 per cent below the the mean for the province. In 1910 the difference was even more significant -the share of the immigrants was 64.7 per cent of the average. A similar discrepancy concerned the second variable measuring mobility. In 1880 the mean proportion of those registered in the commune of birth (in relation to the total county population) was 90.3 per cent against the average of 88.9 per cent, in 1910 80.5

¹⁶ Mountainous counties stretching between Turka and Kosów were the area of purely Ukrainian settlement. The percentage of Roman Catholics was the lowest in East Galicia: 9.21 per cent. Franciszek Morawski, *op. cit.*, p. 49; Franciszek Bujak, *Galicya*, vol. 1, Lwów 1908, p. 72.

¹⁷ Roman Catholics made 19.9 per cent of the total population of north-eastern counties. Franciszek Morawski, *op. cit.*, p. 49.

per cent against 77.2 per cent.

The argument referring to Jewish settlement in the countryside of south-western East Galician counties and the population mobility has a logic similar to that of the findings regarding West Galician counties. The only exception was Nadwórna county which between 1880 and 1900 had some surplus of immigration. In this case the reason was the flow of manpower to the large lumber mills operating on its territory. The immigration to the remaining counties - Turka, Dolina, Dobromil, Bohorodczany, Lisko, Stare Miasto and, to lesser extent, Sanok - was about one half (in 1880) and one third (1910) below mean for the province. Similarly, the percentage of the general population made up of those living in the commune of birth was consistently significantly greater than the means for East Galicia and for the whole country. Bohorodczany was the most striking example: in 1880 97.7 per cent and in 1910 almost 90 per cent of the population still belonged to this category. In the whole region the proportion of the stationary population was about 4 per cent (1880 - 95.3 per cent) and 3.2 per cent (1910 - 84.5 per cent) greater than the province's average. Although these differences may appear at first sight not very appreciable, it should be kept in mind that these areas of the country belonged to these most densely settled by Jews. In counties like Lisko, Dolina, Bohorodczany and Nadwórna Jews accounted for 13-14 per cent of the total population. In none of the remaining counties the share of Jews was below 10 per cent despite the fact that the overwhelming majority of the population of the region dwelled in sites with less than 5,000 inhabitants.

In Chapter 3 it has been demonstrated that between 1880 and 1890 the Jewish population in Galicia de-urbanized due to the migratory movements directed towards East Galician countryside. It has been also suggested that the economic underpinning of the movement was linked to the changes in the legal status of Jews ensuing the emancipation laws of 1868. In the first section of this chapter we put forth the assumption that the possibility to realize gains from credit and land transactions, the two areas of the Jewish economics sanctioned by the emancipation, was greater in the counties where the non-Jewish population was characterised by low mobility and education levels. Taken together, these observations point to the south-western counties in East Galicia as ideal

candidates to be targeted by Jewish migration of this sort. In this context the 4 per cent difference in the share of the stationary population acquires a different meaning; it is likely that almost the whole mobility in the region may be attributed to Jews rather than to the non-Jewish population. A similar assertion holds for the disparity in mobility between West Galician region of Jewish rural settlement and other counties in the province. Although the region does not appear to attract Jewish urban migrants to a comparable extent, its share of Jews exceeds by about 40 per cent the average in West Galicia. Therefore, also in this case the greater preponderance of Jews towards migratory movements most likely resulted in their greater contribution to the mobility indicators.

The north-eastern counties again seem to deviate from the pattern established for the two other regions. The immigration rate adheres to the general regularity although the difference is only about 20 per cent below the province's average (there is no change between 1880 and 1910). The share of the population remaining in the commune of birth, however, is only 1 per cent above the average (in 1880). In Sokal county population mobility exceeds the average, whereby the divergence is quite substantial (3.1 per cent). In 1910 the population of the whole region reveals slightly greater mobility than the general population of East Galicia (by 0.7 per cent). With the exclusion of Rawa Ruska, the only county resembling closely the other regions of Jewish rural settlement, the difference increases to 1.8 per cent. At this stage one is tempted to suggest that the distribution of the mobility and illiteracy variables in the third region of Jewish rural settlement points to the different background of Jewish economic activities in the countryside. In the two other areas Jewish economics were based on the pre-modern concept of the status gap and the advantages stemming from the isolation and backwardness of the non-Jewish population. North-eastern counties do not appear to belong to the same category; a tentative prediction would be that the settlement of rural Jews in this region was also linked to the changes spawned by the economic modernization of the agrarian sector. An increase in productivity and subsequent improvement in the economic standing of the peasantry might have acted as another stimulus attracting Jewish intermediaries.

To analyze the other characteristics of the regions with a concentration of the Jewish rural population we shall return to the graphic presentation of the distribution of the dissimilarity index. The most striking regularity that can be deduced from the map is that the counties with the highest positive values concentrate along the borders. This tendency becomes more discernible throughout time and is most apparent for the last map showing the 1910 distribution. The only exception concerns the Jewish population dwelling in the vicinity of the largest East Galician cities - Lviv, Przemyśl, and Stanisławów - and the Galician oil basin in Drohobycz county. As has been noted, the distinct character of these counties makes one regard the settlement of the rural Jews as the outcome of different causal factors; therefore we will elaborate on it later.

The concentration of rural and town Jews in the borderland regions had one common denominator, namely, that it was separated by the relatively long distance from the main Galician railway lines. With the exception of Lviv and Stanisławów, none of the counties with the top values of the dissimilarity index encompassing the village and town population was traversed by the Galician railroad connecting Cracow with Lviv, and further with Czerniowce in Bukovina. The line completed between 1861 (section Cracow - Lviv) and 1866 (Lviv - Czerniowce) formed the axis of the Galician communication system and served as the main communication track linking Galicia to the Austrian provinces.

The link between a poorly developed communication system and the retention of the Jewish economic position in the countryside is apparent for the West Galician region. The whole territory had direct access only to one provincial railroad of secondary importance constructed at the end of the 1880s¹⁸. The branch of the railroad arrived to the border but until 1910 was not joined to the Russian railroad network¹⁹. Two counties - Dąbrowa (until 1906) and Kolbuszowa (until 1910) had no single railroad on their territory (at the beginning of the

¹⁸ All the data on the construction of railroads come from publications enumerating existing railroads, their length and period of construction and included in *Podręcznik Statystyki Galicji*. The railroad Dębica - Tarnobrzeg - Rozwadów - Przeworsk, constructed in the years 1887-1890. The section Przeworsk-Rozwadów was built with the unique purpose of supplying sugar beets to the local sugar factory owned by Count Lubomirski. Walentyna Najdus, *op. cit.*, pp. 34-35.

¹⁹ The line Tarnobrzeg-Nadbrzezie, constructed in the years 1887-1900.

twentieth century there were only five such counties in the country). Another barrier impeding the functioning of the local communication system was the Vistula river which formed the natural boundary delineating the whole territory from the south-east. In the introduction to his well known monograph on the Galician economy, Franciszek Bujak mentions one more geographic peculiarity that could have fragmented the existing transportation network. Two types of soil characteristic to the region - one mostly sandy and of low productivity and the other one, of alluvial origin, in the form of the long fertile stripes - were matched by two different gradients of population density²⁰. One may tentatively suggest that such circumstances could have additionally facilitated the persistence of geographically isolated settlements. Wierzbicki states that until the construction of a first railroad the whole region was completely cut off from any trade traffic, including road and river transport²¹.

The development of the Galician railway system shown on the maps reveals that the counties bordering the Slovakian provinces of the Hungarian part of the Empire can be also depicted as territories of low railroad density. As in the West Galician region, their transportation network consisted of a few railroads of minor importance constructed mainly at the end of the nineteenth century. Such was the situation in Nadwórna which acquired the first section of the railroad in 1894 and second in 1899. Bohorodczany was the third Galician county which was not joined to the country railroad system. The territory of the most Jewish county - Lisko - was crossed on its outskirts by two railroads but its county seat had no railway station until 1910. Turka, where the number of rural Jews rose twofold between 1880 and 1910, was connected to Galician railways as late as in 1905²². The only exception from this pattern was Dolina county, but the two railroads built on its territory served mostly to ship the products of local lumber industry to German

²⁰ Franciszek Bujak, *Galicya*, Lwów 1908/1910, vol. 1, p. 18.

²¹ Ludwik Wierzbicki, *Rozwój kolei żelaznych w Galicji od roku 1847 włącznie do roku 1890*, Lwów 1907, p. 65.

²² The construction of Lviv-Turka-Hungarian border line was a part of Koerber's plan aimed at the economic integration of the Empire. Karl Bachinger, 'Das Verkehrswesen', in Alois Brusatti (ed.), *Die Habsburger Monarchie 1848 - 1918*, vol. 1, Wien 1973, p. 297.

and Austrian markets.

The economic impact of the links to the Galician communication system was further reduced by natural conditions. The south-eastern counties were among the largest in the country (as far as their area was concerned) and they stretched out longitudinally increasing thus the distances separating more remote settlements from the local railway lines. In geographical terms, the region belonged to the mountainous areas forming the forefront of the Carpathian mountains. The consequence of the technical difficulties arising from operating railroads in areas with high gradients was an increase in operating costs and limited goods traffic.

The third, north-eastern region presented a more diverse picture. It is true that the whole inland area of the more northern part of the region formed a sort of a white spot in the communication system. Two railroad lines - linking Sokal and Brody to the Lviv-Czerniowce railroad - ran across its fringes leaving the central part untouched. Kamionka county, whose administrative area encompassed this territory, was the fourth Galician county which was not incorporated into the country railroad system until 1910. Unlike the case of the other regions, however, the Sokal and Brody railways cannot be fully identified with 'provincial railways of minor importance'. The Brody railroad belonged to the same company that owned the Cracow-Lviv railway (*Karl-Ludwig Bahn*). The line was built under the pressure of the Galician merchants as the second connection to the well developed Russian railroad network (the construction of the Lviv-Brody section had been completed in 1869 and four years later the line was linked to the Russian railroads)²³. The Southern provinces of the Russian Empire were the natural outlet - also due to geographic conditions - for Galician trade. Therefore, the connection was conceived of as a main communication track serving to transport cattle and grain from southern Russia through Galicia to the Austrian countries. On 1 January, 1882, however, the Austrian government decided to close the

²³ In fact it was planned that Brody would be the first to be linked to Russian railways. Due to the delay in the construction works on the Russian side, however, Galician and Russian railways were first connected by the line arriving to the Russian border in Podwołoczyska. Ludwik Wierzbicki, *op. cit.*, p. 12.

eastern borders to the entry of Russian, Bessarabian and Rumanian cattle²⁴. In response to it the Russian government introduced new tariffs which further decreased trade exchange and the line never assumed its envisaged economic functions. Nevertheless, despite the legal measures taken by the Austrian and Russian governments, freight traffic on the line was probably still substantial enough to affect Jewish economic activities in the region adjacent to the border. The significance of the trade exchange for the local Jewish population was enhanced by the fact that the territories on the other side of the frontier were densely settled by their coreligionists.

The impact of the railroads linking Sokal to Lviv (1887) and Jarosław (1884) on the local agrarian economy was derived from different premises. The construction of both lines had been carried out in the aftermath of the action taken by the Galician economists and politicians, who had pointed to the advantages of joining agrarian producers in the region to urban consumers²⁵. The line Sokal - Lviv offered access to by far the greatest urban market in the whole country. Jarosław, connected to Sokal by the second regional railroad, was another large urban centre in the region. The short distance separating Rawa Ruska and Sokal counties from the two cities reduced the transportation costs. Thus, the hypothetical repercussion of the new connections might have been an increase in agrarian productivity underpinned by expanding demand for agricultural products in the two cities. In the existing data one may find a fragmentary confirmation of the economic role played in this respect by Jarosław-Sokal railroad. Between 1883 (the year of construction) and 1888 the volume of freight loads hauled on the line rose from 11,200 to 96,424 tons while the receipts from the exploitation of the line increased from 75,848 to 299,605 crowns²⁶. These positive tendencies in local traffic were sustained in the later period. *Podręcznik Statystyki Galicji* for 1906

²⁴ Ostensibly, the reason was the animal diseases spread by the imported cattle. The legal acts and the extensive treatment of political and economic aspects of this decision may be found in Witold Pruski, *op. cit.*, vol. 1, pp. 351-353. Before 1882 Austria imported annually about 80,000-100,000 cattle from Rumania and Bessarabia. *Ibidem*, vol. 2, p. 60.

²⁵ Ludwik Wierzbicki, *op. cit.*, pp. 62-63.

²⁶ Leon Paszkowski, *Statystyczno - ekonomiczne studia o drogach żelaznych w związku z rozwojem ekonomicznym*, Wien 1889, p. 220.

included the financial results of the exploitation of Galician railroads. Two first positions on the list of the most profitable connections are occupied by the Trzebinia-Skawce and Piła-Jaworzno railroads, two lines located in the most western part of the country and serving the bulk of Austrian and German traffic. The third railroad in this enumeration, however, is the Lviv-Belżec (Russian frontier) connection²⁷, the section of Lviv-Sokal line with a small branch arriving to the Russian border. There is little evidence of the share of external traffic on the line, but it seems that its profitability was mostly due to the intense freight traffic between Lviv and Sokal. The ensuing consequences would have been the increase in the purchasing power of the local peasantry and a more prolonged presence of Jewish agrarian intermediaries. Unlike the two other regions, however, their economic activities would not have been based on the backwardness of the local non-Jewish population but on the rise in the volume of the marketed surplus and an improvement in the well being of the peasantry.

The Lviv-Brody-border railway owed its economic significance to trans-frontier freight traffic. This leads us to determine another prominent characteristic common to the regions of Jewish rural and town settlement in Galicia - the nature of the borders in the neighbourhoods in which they were situated. The territory of five West Galician counties bordered with the predominantly agrarian and underdeveloped Polish provinces of the Russian Empire. Regional railways had no connection with the few railways composing the Russian railway system on the other side of the border. A similar level of economic development, lack of large cities or industrial centres and the underdeveloped communication network did not constitute any stimuli for the trans-boundary movements of goods or labour. As a consequence, one may categorize this section of the boundary line as a typical example of a frontier with a low and stagnant volume of labour and trade exchange.

The railroads running through the second region of Jewish rural settlement were the lines linking the Galician communication network with the Hungarian

²⁷ *Podręcznik Statystyki Galicji*, vol. (1908), p. 239.

railroad system. The principal considerations standing behind their construction were mainly of a military nature²⁸. The new connections did not generate a substantial volume of freight traffic and turned out to be a low profitable enterprise. The primary reason was the natural communication barrier created by the high range of the Carpathian mountains. The construction costs were high but the real problem was making operations profitable. In the first stage of the technical development of the railway, operating costs were usually so high that they could not be covered by operations in areas of low economic potential. Gradients increased fuel consumption and reduced possible speeds and weights of trains²⁹. The company that constructed the first section of the line joining the Galician and Hungarian railways found itself in the red after only three years and had to be taken over by the state in order to cover financial losses³⁰. The short time data series we have at our disposal document the stagnation in the Galicia-Hungary freight traffic also for the later period. The freight transported on the line Przemyśl-Hungarian border (Łupków) decreased between 1883 and 1888 from 286,253 to 210,644 tons³¹.

The other factor impeding trans-border exchange was analogous to the situation of West Galician counties - the Slovakian counties on the other side of the border belonged to the most underdeveloped parts of the Hungarian half of the Monarchy and did not provide any sizeable incentives for trade exchange or labour flows. This may be documented for the first railway line linking Hungary to Galicia; unfortunately, comparable data on the freight traffic and the receipts of

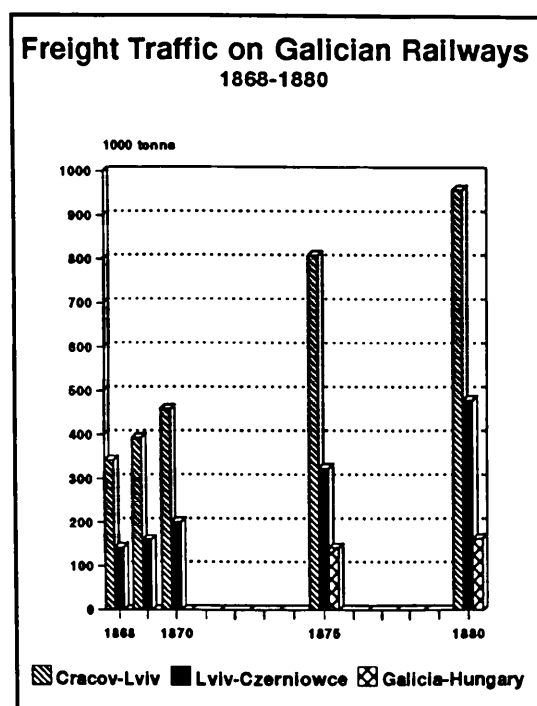
²⁸ Ludwik Wierzbicki, *op. cit.*, p. 32; Herman Diamand, *op. cit.*, p. 37; Walentyna Najdus, *op. cit.*, p. 33; Karl Bachinger, *op. cit.*, p. 283.

²⁹ Roger Price, *The Modernization of Rural France*, London 1983, p. 226.

³⁰ The construction of the railroad was completed in 1872 (the section Lviv-Stryj). Three years later the joint stock company that built the line went bankrupt and the railroad was overtaken by the Austrian state. The income was so low that hardly sufficed to cover maintenance expenses. Ludwik Wierzbicki, *op. cit.*, pp. 28-29 and p. 41.

³¹ Leon Paszkowski, *op. cit.*, p. 220.

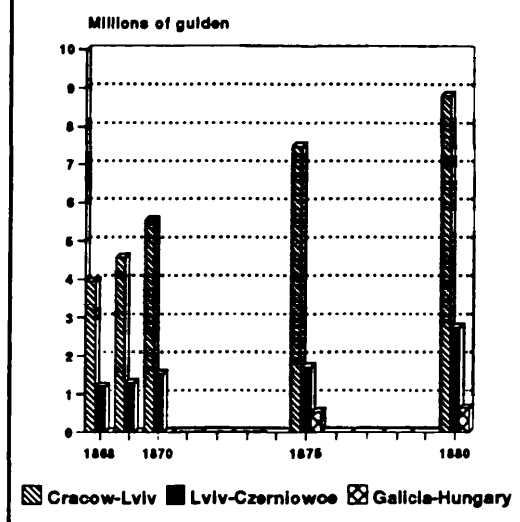
main railway companies are limited to the 1868-1880 period³². Due to the frequent changes in the ownership and layout of railroads I have not been able to find the kind of consistent information on the quantities of agrarian products dispatched which I had hoped to be able to use. Nevertheless, one can still make use of them since historical evidence confirms that the general tendency in the main directions of the goods traffic was similar to that in later years.



Graph 1.

³² The data on income and volume of freight traffic on main railroads were published in *Österreichische Statistische Jahrbuch* until 1880. After this date no consistent time series exist due to the frequent changes in the ownership of railway companies. In 1889 all the main Galician railroads, with the exception of Karl-Ludwig Bahn, were in the hands of the Austrian state. Therefore a longer data series exist only for the latter railroad. After 1890 *Jahrbuch* dropped this position from its content. On the issue of the Austrian railway statistics see, Henryk Diamand, *op. cit.*, p. 35; Stanisław Szczepanowski, *op. cit.*, p. 44.

Receipes from Freight Traffic on Main Galician railways 1868-1880



Graph 2.

Source: *Statistisches Jahrbuch der österreichischen Monarchie für das Jahr...* (1868), pp. 122-124, (1869), pp. 139-142, (1870), pp. 92-97, (1875), pp. 2-13, (1880), pp. 14-25.

The link between Jewish economic activities in the countryside and communication routes demonstrates how access to principal Galician railway eliminated small Jewish intermediaries in the countryside. It is not to say that all form of Jewish intermediation ceased to exist under such conditions. In the counties adjacent to the Cracow-Lviv-Czerniowce railway there were still Jewish agents operating in the countryside and purchasing small amounts of grain or cattle from petty producers. The complaints concerning the excessive number of Jewish middlemen in the cattle trade appeared very often in the Polish and Ukrainian cooperative press³³. In this case, however, the middlemen would work for the account of large Jewish grain and livestock merchants and the base of their activity was more likely to be in the county seat itself, where the main freight

³³ 'O organizacji handlu bydłem w Galicji', referat P. C. Barańskiego wygłoszony na walnem zgromadzeniu C. K. Krakowskiego Towarzystwa Rolniczego w maju 1908 r., Kraków 1908, p. 8.

station was located. A typical form taken by the beef trade, for example, was to have a Jewish slaughter-house located in the vicinity of a railway station³⁴. The owner would usually combine his activity as a butcher with that of the merchant or make use of some of his coreligionists to purchase livestock from peasants. The area of their activity, due to improvements in communications, was large enough to eliminate those petty intermediaries whose existence depended on the price differentials between local and main grain and cattle markets. The levelling out of agrarian price variations was the economic consequence of intense freight traffic on the Cracow-Lviv-Czerniowce railroad. Its freight stations served to ship livestock and its products directly to Vienna; with the increase in trade exchange the economies of scale acted towards eliminating petty Jewish tradesmen. As a consequence, the number of commercial intermediaries gradually declined and the network of intermediaries became less complex³⁵. Access to the railway line eliminated also those Jewish middlemen who based their profit on windfall profits derived from grain hoarding. The examples presented in Chapter 4 described the mechanism of credit link which let Jewish middlemen buy grain at a price fixed in the loan contract in advance and re-sell it in the period when grain prices were reaching their peak. Better communication signified also better information on market prices and better possibilities for transferring grain to deficient regions.

The scale of all these phenomena depended on the utilization of a particular line. As may be seen from Graphs 1 and 2, the volume and receipts from goods traffic on the Cracow-Lviv-Czerniowce line grew at a very fast pace from the very moment of its construction. The consequence of the heavy utilization of the line was lower transport costs and the concentration of trade flows in the areas in its proximity. The whole railroad belonged to two closely linked companies applying unified tariffs for goods transports. This, in turn, eliminated the possibility of increasing price differentials as a consequence of distinct tariff policies carried out by distinct railway companies. Moreover, the rail tariffs for goods, as in the whole

³⁴ 'Statystyka ruchu towarowego na pocztach galicyjskich w r. 1895', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 17/1 (1898/1899), p. 7.

³⁵ "The creation of better means of transportation deprived the large number of Jewish tradesmen of means of living", P. Almoni, 'Położenie żydów w Galicji', in *Przyszłość* 1898/2, p. 34.

country, were relatively high³⁶; therefore their weight and equalizing effect in the overall price for agrarian products was even more substantial. The economic impact of the railway was reduced by the distance separating the line from a county. Consequently, the lack of direct access to it facilitated the survival of small-scale trade around which Jews could retain their intermediary position for longer. Even when such a county finally gained access to a branch railway economic consequences were limited by the smaller utilization of the line for transport of goods. The technical solutions applied to the construction of local lines were less modern than those utilized for principal railroads and allowed smaller average weight for freight transports³⁷. The way in which Austrian railway tariffs were calculated resulted in the highest tariffs being paid on small lines; in many cases these tariffs approached and exceeded the prohibitive level³⁸. Therefore their economic impact in comparison with the principal tracks was further reduced when increasing costs of transport³⁹ coincided with small marginal economies of scale and a geographical spread of necessary inputs. Economic theories imply that such a situation results in activity conducted on a purely local basis⁴⁰.

The importance of the Cracow-Lviv-Czerniowce railroad may be also seen from the following map showing the distribution of freight traffic on the main Galician railroads. The indicator used to reflect the volume of freight is the average number of freight trains (daily) per 1 km of the rail track between 1891

³⁶ Ludwik Wierzbicki, *op. cit.*, p. 39. The tariffs were reduced in the second half of the 1880s, in the aftermath of the construction of the trans-Carpathian line which decreased the traffic on Cracow-Lviv-Czerniowce railroad. Leon Paszkowski, *op. cit.*, Wien 1889, p. 223.

³⁷ In 1887 the average weight of freight trains hauled on the line Cracow-Lviv was 437 tons, while the average weight of freight trains in whole Galicia was 257 tons. Ludwik Paszkowski, *op. cit.*, p. 252.

³⁸ The calculation of tariffs was based on the type of transported commodity and the type of traffic (local, federal and transit). *Ibidem*, p. 248.

³⁹ The lowest tariffs were charged for transit traffic (*Durchwegsverkehr*) which accounted for most of freight transports on Cracow-Lviv line. The railroad which applied the highest tariffs was the line Przemyśl-Hungarian border (Łupków). *Ibidem*.

⁴⁰ Edward A. G. Robinson, 'Location Theory, Regional Economics and Backward Areas', in E. A. G. Robinson (ed), *Backward Areas in Advanced Countries: Proceedings, Conference of International Economic Association*, New York 1969, p. 4.

and 1895. The construction of the index is highly unsatisfactory because it does not convey any information about the composition or weight of freight deliveries; however, it was the only measure available in contemporary statistical sources. Therefore it should be taken as a very rough estimate of freight traffic on the Galician lines.

The main directions of freight traffic in Galicia confirm the importance of the Cracow-Lviv-Czerniowce railroad. The data provided by the original sources are broken into three sections of the railroad: Cracow-Przemyśl, Przemyśl-Lviv and Lviv-Czerniowce. For reasons of clarity, this distinction has been disregarded but the figures show that the intensity of the freight traffic on the line decreases eastward, from 19.3 freight trains per 1 km on the Cracow-Przemyśl section to 15.75 trains on the Przemyśl-Lviv line and, finally, to 6.34 freight trains on the last section between Lviv and Czerniowce. Such a distribution of Galician freight conforms well to the main directions of Galician trade and to a greater economic role played by the communication factor in the western part of the country.

Except for the Cracow-Lviv-Czerniowce line, the most heavily utilized railroad is the last section of so called trans-Carpathian railroad, starting in Żywiec and ending up in Husiatyń. The section provided the connection between wheat producers in Podole region and Karl-Ludwig Bahn (Stanisławów); hence the principal part of the freight hauled on the line were grain transports. The map demonstrates also the marginal utilization of the lines reaching the Russian border in the northern part of the country - the traffic on either of them did not exceed one freight train per 2-3 days. The transversal routs bridging the Galician and Hungarian railroad systems show a higher number of freight trains but most likely, due to high gradients in Carpathian mountains, the loads hauled were smaller than elsewhere. The last trans-frontier railway running through the main regions of Jewish rural settlement, the Brody-Russian border (Radziwiłłów) section, was employed to a slightly greater degree than the Hungarian lines. However, the comparison with two other railroads joined to the Russian railroad network suggests very clearly the marginal role played by Brody in the trade exchange between Galicia (Austria) and Russia. Most of the freight traffic with Russia was taken over by the Lviv-Tarnopol-border and Stanisławów-Husiatyń-border railroads crossing the more southern part of the Russian frontier. It is difficult, however, to estimate the share of local and external traffic on these lines. The only contention we can make is that the overall economic importance of the Brody line was declining in comparison with two other railway connections to the Russian railroads. The number of freight trains on the Brody-Krasne section (the

site where the line from Lviv bifurcated to Brody and Tarnopol connections) section was ten times smaller than the number of trains on the branch joining Krasne to Tarnopol, and further to the border. Even assuming the very approximate character of the data represented by the indicator, the difference is large enough to provide evidence for the economic decline of Brody. In fact in the 1880s the dividends of the share holders of Lviv-Brody line were secured only through state subsidies⁴¹. The downfall began in 1880, when the city lost its free trade zone status⁴². In the same year the new Russian railroad from Kiev to Podwołoczyska was constructed and a substantial part of the trade exchange insofar controlled by Brody shifted to the new connection⁴³. The final blow to the city economy was Russian legislation proclaiming the creation of the Pale of Settlement. Among other restrictions Jews were not allowed to settle in a radius of 50 *versts* from the Russian western border. Russian authorities began to enforce this particular restriction in the 1870s which hampered established trade relations of Brody Jews⁴⁴.

The trans-frontier connection where the greatest volume of freight was registered is the line leading from Cracow to German Silesia. This comes as no surprise since the fragmentary trade registers published in *Wiadomości Statystyczne o Stosunkach Krajowych* show that Germany was the chief buyer of Galician wood and livestock⁴⁵. The data on freight distribution does not include

⁴¹ *Ibidem*, p. 239.

⁴² Until 1 January, 1880 Brody, together with Leszniów and 9 villages, constituted the free trade zone. Throughout the nineteenth century Brody established on this basis its position of major trade centre in Galicia. The privilege was revoked due to the losses on customs duties for both Russia and Austria. Tadeusz Lutman. *Studja nad dziejami handlu Brodów w latach 1773-1880*, Lwów 1937, p. 149.

⁴³ *Ibidem*, p. 194.

⁴⁴ In 1873 Tsarist authorities began to forcibly remove the Jews from 50 *versts* border zone. Since 1876 Jewish merchants were allowed to stay in Radziwiłłów, where their stores were located, for no more than 25 hours. Similar restrictions concerned the Jews arriving from Brody. *Ibidem*, p. 196.

⁴⁵ 'Handel Galicji i Bukowiny tudzież innych krajów Austriackich z Cesarstwem Niemieckim w r. 1885 na podstawie niemieckiej statystyki kolejowej', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 10/1 (1887/88); 'Handel Galicji i Bukowiny tudzież innych krajów Austriackich z Cesarstwem Niemieckim', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 19/1

the line joining the Galician railways into the Austrian communication network (since 26.06.1858 Oświęcim-Mysłowice-Cracow line belonged to non-Galician railway company⁴⁶), but we may expect that the level of its utilization was similar to the Galicia-Germany line. Most of the livestock directed to Bohemian and Lower Austrian markets was shipped through this railroad, along with industrial goods imported from the other provinces of Austria.

One more regularity which can be deduced from the distribution of freight traffic is that the trans-Carpathian railroad seems to rank second in the volume of loads shipped. After construction the line took over some freight served earlier by Karl-Ludwig Bahn which forced the latter to apply lower tariffs⁴⁷. The freight on this line was more diversified than on the Stanisławów-Husiatyń section: it ranged from oil cargoes shipped from Drohobycz-Borysław, wood transports loaded in Dolina and cattle raised on Carpathian pastures. The volume of loads shipped allows one to expect that the counties crossed by the line experienced economic phenomena similar to those exercised by the Cracow-Czerniowce railroad, although to a proportionally lesser extent. Therefore, it is striking that with the exception of Sanok and Dolina none of the counties defined as main areas of Jewish rural settlement had on its territory a single section of any of the heavily utilized lines. All the remaining counties composing three regions of the Jewish rural settlement are located beside the network made up by principal railways. The difference in the number of such counties in East and West Galicia resulted not only from the modernization factor but also from geographic conditions. In West Galicia the economic influence of the communication network was enhanced additionally by the oblong shape of the province, parallel to two main communication tracks. With the exception of the mid-northern areas (in the two most remote counties, Tarnobrzeg and Nisko, the dissimilarity index assumes in 1910 the highest values in West Galicia) all the western counties were situated in their direct vicinity. In

(1901/1903).

⁴⁶ Kaiser Ferdinand Nordbahn in Galizien. Karl Bachinger, *op.cit.*, p. 285.

⁴⁷ Between 1883 and 1888, in the period when the construction of trans-Carpathian railroad was completed, the freight transported on Karl-Ludwig Bahn decreased from 1,257,176 to 1,188,906 tons. Ludwik Paszkowski, *op. cit.*, p. 220.

the east, where the distances between frontiers were greater, more counties remained remote from the central axes of the communication system.

The set of the maps showing the changes in the distribution of the dissimilarity index for the village population between 1880 and 1910 illustrates the expansion of the country-wide market and a tendency for rural Jewish intermediaries to withdraw to the more remote counties. On the first map the pattern of Jewish rural settlement is not clearly defined and the differences in the index' values among the counties are quite small. The maps for following years demonstrate the increasing disparities between the counties in the central part of the country - traversed by the main Galician railroads - and the counties situated beside principal communication lines⁴⁸. Urban counties in East Galicia are the only exception from this pattern but, as will be evident from our later discussion, the economic activities of the rural Jews dwelling there were quite different from those of the middlemen operating in the borderland territories.

The relation between the construction of the railway lines and the shrinkage of Jewish economic activities based on the existence of small agrarian markets is reflected in the high negative values of the dissimilarity index for town and village populations in the most western counties of West Galicia. This part of the country was the first to be connected to the German, Russian and Austrian communication networks (between 1840s and 1850s)⁴⁹. The analysis of freight distribution provides evidence that it was also the region situated in the vicinity of the frontiers crossed by the dynamic flows of goods and labour. The intensity of exchange was stimulated by the neighbourhood of the industrially developed Austrian provinces and German Silesia.

The only region in East Galicia where the communication layout was

⁴⁸ For 1880 dissimilarity index the variation was .36 (the values fit in the range -1.44 to 2.07). In 1910 the variation of the index was .50 (minimal value -2.06, maximal value 3.37).

⁴⁹ The construction of the first Galician railroad was completed in 1847. The line linked Cracow to the Prussian border on the territory of the Upper Silesia industrial basin. Together with the main rail track a small branch of the line ending at the Russian border was constructed. In 1856 Cracow acquired the first connection with the Austrian railroads. Ludwik Wierzbicki, *op. cit.*, pp. 4-5.

comparable to the western counties was Podole region. Two heavily utilized railroads delineated its territory from the north (Lviv-Tarnopol-Russian border) and south (Stanisławów-Husiatyn). The construction of both railways was completed before the end of the 1880s, in the first phase of the development of the Galician railroad system. Most of the commodities traded between Russia and Galicia (Austria) crossed the section of the Russian frontier adjacent to the region. These two factors combined to bring about the generally lower share of the Jewish rural population in the Podolian counties.

The relatively late arrival of the railway network, lower density and a location remote from main communication tracks substantiate the link between economic backwardness and the retention of the traditional Jewish position in the countryside for two of the three analyzed regions. For north-eastern countries the findings provided by the analyzed variables is less clear while the evidence for West Galician counties and for the south-eastern region in East Galicia is quite consistent in this matter. The communication factor would be the third element, after illiteracy and mobility, describing these regions as experiencing economic decline. The co-existence of these three characteristics validates the relation between low mobility and backwardness, which otherwise is not necessarily self-evident. This is not to say that it was the particular organization of Jewish economics that arrested the improvement of the economic situation of the regions. The causal link runs in the opposite direction; it was the initial backwardness that let Jews maintain their economic activities far from the mainstream of economic change. In light of what has been said about the forced commerce pattern, it is true that the way Jewish intermediaries interacted with the peasant population confirmed the original underdevelopment. Yet, the organization of such a pattern of exchange was possible only in the context of regional socio-economic characteristics independent of the functioning of Jewish economics.

The phenomenon of the fragmented markets seems to be closely linked to the type of the settlement network widespread in the main regions of Jewish rural settlement. It is a remarkable fact that on the territory of the majority of the analyzed counties there was no single urban place with more than 5,000

inhabitants. Such was the situation in four of five West Galician counties (the only exception was Mielec⁵⁰) with the highest concentration of the Jewish rural population. All urban settlements on their territory were small hamlets with the population between 2,000 and 5,000 inhabitants, the majority being constituted by Jews. A similar relationship between rural economic activities and Jewish small town settlements occurred in East Galician counties. The most clear example is provided by Lisko, Sanok and Dobromil where all urban settlements had a Jewish majority⁵¹. The fact that they were also located a certain distance from the economic influence of the largest Galician cities protected the existence of small markets providing Jewish middlemen with a means of living for longer. The effect of expanding urban markets may be best seen in the example of the areas surrounding Lviv county. Between 1890 and 1910 the number of rural Jews dwelling in these areas dwindled considerably faster than elsewhere in East Galicia. A similar effect may be observed with respect to the second largest Galician city, Tarnopol. The vicinity of a large city in combination with the access to principal railways eliminated petty traders not only through undercutting the basis of their economic existence but also through providing an easy alternative for migration.

Another remarkable fact is that the counties with substantial numbers of rural Jews do not appear as separate dots on the map but they form what appear to be coherent regions. In West Galicia all the counties distinguished by the high values of the dissimilarity index concerning village populations had common borders and created together one territory which shared similar geographic characteristics. This phenomenon has been discerned by contemporary statisticians. In his study on the settlement of the principal national and religious groups living in Galicia, Józef Buzek qualified five counties located along the

⁵⁰ Even in this case the population of the county seat exceeded only slightly the 5,000 inhabitants. According to the legal criterion Mielec was not qualified as a city. Józef Buzek, *op. cit.*, p. 19.

⁵¹ *Ibidem*, p. 61.

Vistula river as belonging to the separate region of Jewish settlement⁵². Its main characteristic would be a lack of large urban sites, the high number of small towns with predominantly Jewish inhabitants and the relatively large number of village communes where Jews formed a significant minority (between 10 and 30 per cent)⁵³.

From the map showing the distribution of the dissimilarity index between Jewish and non-Jewish village populations one may see that until 1910 rural and town Jews dwelt in substantial numbers in the territory of three other counties adjacent to the Vistula plain (Pilzno and, to lesser extent, Ropczyce and Brzesko). Given the fact that these counties were crossed by the Cracow-Lviv railroad, this observation seems to contradict the link between access to the main Galician railroad and the decline of the Jewish population living in the countryside. In seeking for an explanation for this phenomenon I shall make recourse in the first instance to the type of settlement network. The chief factor which protected the Jewish rural population to some extent from the changes spawned by modernization was the fact that until the end of the period under investigation all the population of these three counties lived in settlements whose size did not exceed 5,000 inhabitants. As a consequence, they filled the missing positions left by the other 'Jewish' areas on the list of the counties with the least educated and mobile populations. Since these counties bordered with the Vistula region, where the situation was analogous in this respect, they seem to have constituted an element of the same network of Jewish towns and market places. The impact of processes integral to the expansion of the country market could have been further reduced by the particular geographic location of these counties - in the middle of the distance separating Cracow from Lviv, where the economic gravitation of the two largest markets in the country was weakest.

The dominating type of settlement in the East Galician counties

⁵² Geographically, the region is known as the Vistula plain. It has a shape of triangle whose edges were delineated by the Vistula and San rivers, and the fragment of the main railroad Cracow-Lviv. Franciszek Bujak, *op. cit.*, vol. 1, p. 17.

⁵³ Józef Buzek, *op. cit.* p. 19.

neighbouring the Carpathian mountains pertains to the same category as in the West Galician region of Jewish settlement in the countryside. In 1910 on the territory of the seven counties there were only three cities whose population exceeded five thousand inhabitants (Dolina, Nadwórna and Turka). None of them can be described as a really large city; the largest one, Nadwórna, counted 9163 inhabitants in 1910. In the remaining counties the only form of settlement other than villages were small towns and market places. We made a passing reference to Buzek's work, in which the author alluded to the fact that the Carpathian counties belonged to territories inhabited by predominantly Ukrainian population (an implicit aim of the study was to describe the Polish position in East Galicia; therefore the term 'predominantly' refers to the lack of settlements with a Polish population). Buzek noted that the Ukrainians tended to concentrate in the smallest village communes and urban settlements. According to the classification based on the legal definition of different types of settlements, in 1900 Ukrainians accounted for 77.2 per cent of the total village population of East Galician counties. Put another way, in 1900 as much as 89 per cent of the total Ukrainian population dwelt in villages. Only 5.3 per cent of the Ukrainians lived in the settlements qualified by the law of 1896 as cities⁵⁴. These figures, alongside the data on the occupational distribution of the Ukrainian population presented in the preceding chapter, demonstrate the magnitude of economic space left to Jews in East Galicia and the grounds for their prolonged settlement in the countryside.

The third, north-eastern, area does not seem to match the pattern of the settlement characteristics of the two other regions. Among four counties composing its territory only one (Cieszanów) resembles closely the situation in the counties where most of the population lived in villages and small market places. In the remaining area one may find four urban sites out of which three may be described as relatively large cities (Kamionka, Sokal and Rawa Ruska). Two of them - Sokal and Rawa Ruska - were developing quite quickly while the Jewish population living there was also increasing at high rates. Yet, until 1900, this increase did not

⁵⁴ *Ibidem*, p. 39.

cause a corresponding decline in the number of rural and town Jews. At the same time the cities appear too small to imply the changes in Jewish economic activities similar to those which took place in the countryside surrounding the largest urban settlements in Galicia. If we compare the distribution of the dissimilarity index for village population with the index including town and village populations together, we may see that the distributions match each other. This means that despite the growth of the urban sites the ethnic networks of Jewish intermediaries resembled the Jewish settlement pattern in the two other regions. Interestingly, in the two counties central to the region, Sokal and Kamionka, there were only two village communes (in 1900) where Jews resided in substantial numbers⁵⁵. The high value of the dissimilarity index between Jewish and non-Jewish village populations stemmed from the more dispersed settlement patterns of Jews and from Jewish residence in small sites. According to the law of 1896 they were qualified as towns, but in the classification scheme accepted in this work they appear as villages because their population did not exceed 2,000.

The difficulty in explaining the co-existence of the rural Jews with the relatively large and quickly developing cities rests on the assumption that the presence of the expanding urban market was sweeping the rural Jews into the current of modernization. It will become evident from our later discussion that in such a situation the retention of the Jewish middleman position in the countryside was possible only due to the dramatic change in the basis of their economic activity. However, we shall also see that such a shift could have taken place only in the vicinity of the largest East Galician cities. Despite their high rates of growth neither Sokal nor Rawa Ruska can be compared to the cities like Lviv, Stanisławów or Stryj where this phenomenon indeed took place. One can argue that the lack of the railways and the long distance from the Cracow-Czerniowce railroad may account for the presence of town and rural Jewish middlemen in Kamionka county. It is difficult, however, to resort to the same grounds to explain the increase in the Jewish rural population in Rawa Ruska and Sokal, two counties with good access to the Galician communication network.

⁵⁵ Ibidem, pp. 140-141.

Additionally the presence of large cities on their territory seems to have facilitated the impact of the expanding market forces which would have eliminate petty middlemen from the countryside. Despite this the rural population of the two counties not only did not decrease but until 1900 grew at a rate exceeding the rate of the Jewish natural increase in the country. The growth is most evident for Sokal which seems to be the only county, except the counties with the largest Galician urban centres, attracting substantial numbers of immigrants from the other regions of the country. The only plausible hypothesis which can explain this issue at this stage is the substantial increase in the volume of the agrarian output produced on the spot. On the other hand it does not seem very likely that this growth could have taken place in the framework of forced commerce exchange. The magnitude of the natural increase of the Jewish population, in combination with the initially high proportion of Jews in the general population, suggests that the profitability of economic activities of Jewish tradesmen was at least partly connected to the increase in the purchasing power of the peasant population.

The specific pattern of the urban network in the main regions of Jewish rural settlement corresponded to the aforementioned differences in the two types of the market structures; one organized around large cities and gradually expanding and the other one slowly receding under the impact of the former and built upon multiple small sites of predominantly Jewish character. This point may be made more concrete by examining the data on the Galician agrarian markets included in the Austrian and Galician statistical publications. *Österreichisches Statistisches Handbuch für die im Reichsrath vertretenen Königreiche und Länder* for 1905 enumerates all the significant marketplaces (*Marktorte*) in Galicia together with the information on the annual volume of grain sales⁵⁶. We may combine these data with a similar list of the main cattle markets, published in *Wiadomości Statystyczne o Stosunkach Krajowych* in 1897 year⁵⁷. The results are

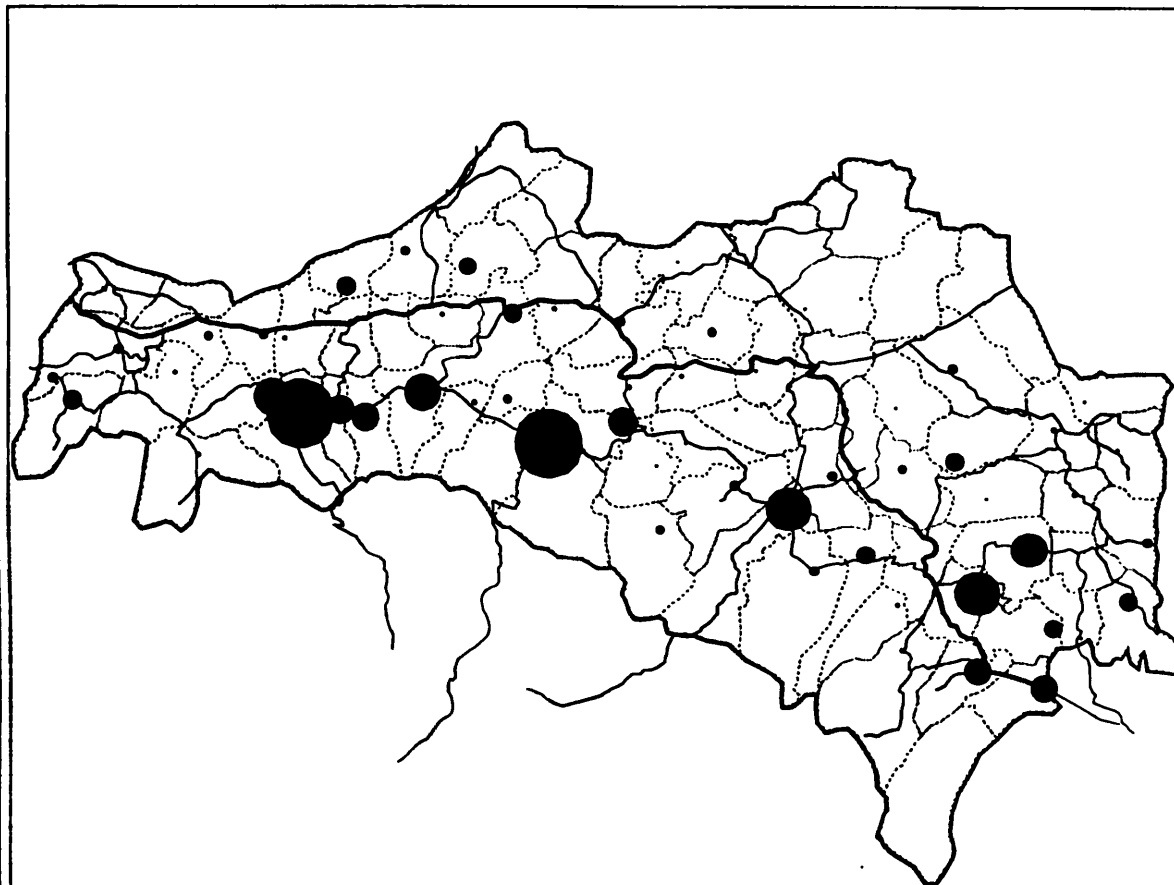
⁵⁶ *Österreichisches Statistisches Handbuch für die im Reichsrath vertretenen Königreiche und Länder*, vol. 23 (1905).

⁵⁷ 'Statystyka ruchu towarowego na pocztach galicyjskich w r. 1895', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 17/1 (1898/99), p. 4.

presented in a graphic form in order to enable one to compare them with the maps showing the distribution of the Jewish rural and town populations.

CATTLE MARKETS IN GALICIA 1895









VOLUME OF SALES



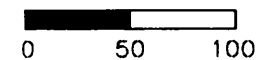
Legend

-  Border
-  district_1910
-  Cracow-Lviv
-  Lviv-Czerniowce
-  RAIL_1900
-  Urban

Number sold

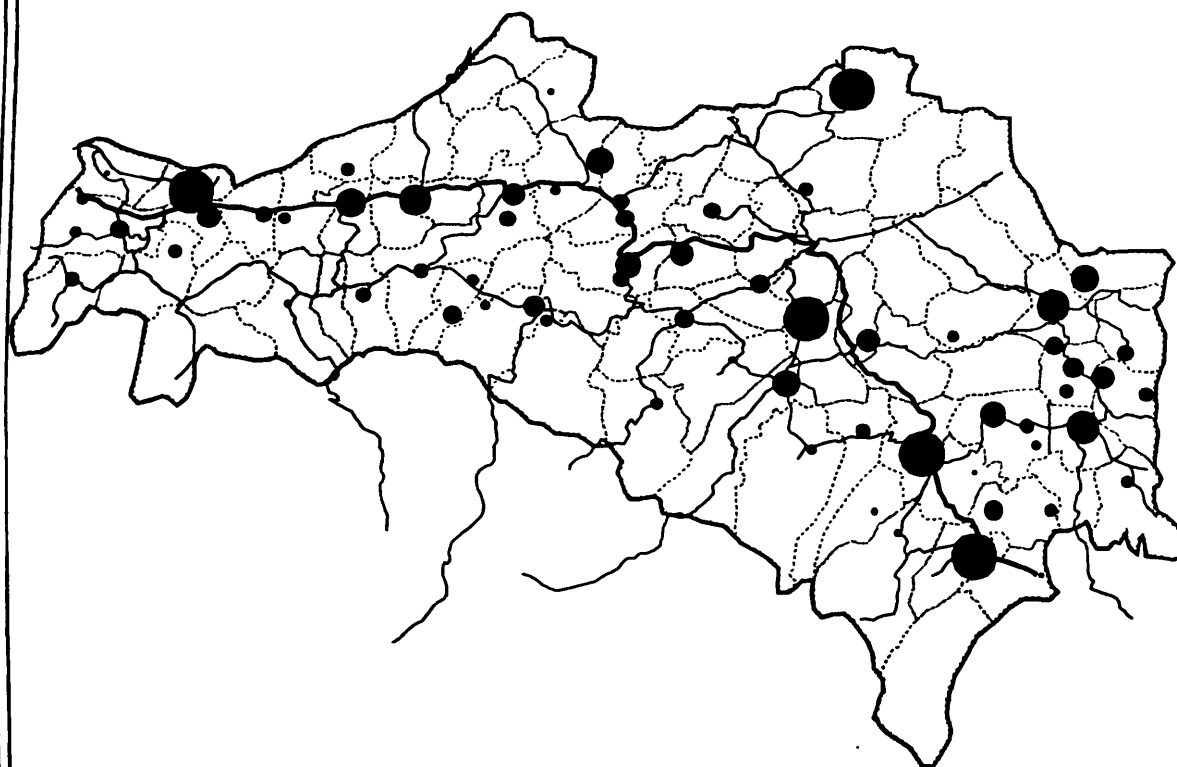
-  0 to 5000
-  5000 to 10000
-  10000 to 20000
-  20000 to 30000
-  30000 to 40000
-  40000 to 50000
-  50000 to 60000
-  60000 to 100000

Km



GRAIN MARKETS IN GALICIA 1905




VOLUME OF SALES



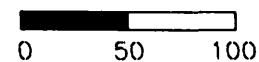
Legend

-  Border
-  district_1910
-  Cracow-Lviv
-  Lviv-Czerniowce
-  rail1905
-  Urban

Grain sold (in 1000 kg)

-  30504.375
-  61008.75
-  122017.5

Km



What emerges clearly from the maps showing the market pattern is the lack of large agrarian markets in the main regions of Jewish settlement in the countryside. Obviously, this was due to the fact that their location was far from the principal Galician communication tracks. The markets situated on their territory belonged to the smallest in the country, notwithstanding whether they served for grain or animal trade. Since the data employed here concerns only the markets with a volume of trade above a certain level most probably it does not reveal the existence of other places where the quantities of the traded agrarian product were too petty to include them into the statistics. As speculative as this analysis may be, it points to the link between the economic activities of rural Jews and the existence of small, relatively isolated agrarian markets. The well being of Jewish middlemen in the countryside depended on their ability to realize the gains stemming from the price differential between the secondary and prime markets for agrarian products. 'Secondary' signifies that they were located along provincial railroads or, as was the case for Dąbrowa and Kolbuszowa counties, a considerable distance from the nearest railway station, remote from the large urban markets and with the volume of sales not exceeding the county level. Such conditions coupled with low literacy and mobility indicators, pointing to the wide educational distance separating the indigenous and Jewish populations, made the retention of the Jewish position in the countryside over a longer period of time more likely.

There is one market whose location in the centre of the north-eastern region of Jewish rural settlement in East Galicia deviates from the above pattern. Sokal was the largest grain and pig market site in the northern part of East Galicia where the volume of the traded agrarian product equalled the quantities sold on large markets situated along the Cracow-Lviv-Czerniowce railroad. The existence of such a large market for agricultural products, alongside the distinct characteristics of the indigenous population, marks the region from the two other territories in which the relationship between the economic activities of the rural Jews and market fragmentation appears to be well established. The small volume of grain and livestock traded in Brody confirms the economic decline of the city and the transfer of the main market place of the region to Sokal. Judging from its

central location, Sokal served as the region's principal agrarian market, from which products were transported to Lviv and further to Vienna. The high volume of agrarian products traded in Sokal adheres bears out assumptions about the distinct character of Jewish rural settlement in the region. Unlike the two other territories, prolonged Jewish presence in the countryside does not seem to be wholly derived from the characteristics of a non-Jewish population or the existence of the network of fragmented markets. A substantial increase in the region's agrarian production, perceivable in the size of the Sokal market in the comparison to the other markets located on the main areas of Jewish rural settlement, seems to account at least partly for this phenomenon.

We shall proceed now to another important phenomenon concerning rural Jewish settlement in East Galicia. Analyzing the territorial location of its main regions we alluded briefly to the counties in which Jewish economic activities in the countryside could have shifted to a different basis. We have specified five such counties: four possessing in their area the largest East Galician cities (Lviv, Przemyśl, Stryj and Stanisławów) and the oil basin in Drohobycz. Despite the fact that the characteristics of these counties were quite different from the other regions of Jewish rural settlement the index of dissimilarity between Jewish and non-Jewish village populations assumes on their territory one of the highest values. The most striking example is Lviv county which consistently between 1880 and 1910 shows one of the greatest positive values on the dissimilarity index for the village population. The decisive change occurred between 1890 and 1910 when the number of rural Jews in the county almost doubled, from 6,309 to 12,181. As a result, in 1910 the county had by far the greatest concentration of Jews in the countryside, notwithstanding whether this figure is measured in absolute or relative numbers. Drohobycz was the other county where the rural Jews seemed to enjoy some prosperity in the analyzed period since their growth rates surpassed considerably the rates of the natural increase of the Jewish population. A similar phenomenon, although less dramatic, took place in the rural neighbourhood of three other large Galician cities - Stanisławów, Przemyśl and Stryj. The growth of the rural Jewish population was limited to the 1880-1900 period; most likely the

cities were too small to support the existence of such large numbers of Jewish tradesmen in the countryside (neither of them exceeded 35,000 population, with comparison to Lviv which in 1910 had 206,000 inhabitants).

Clearly, it is difficult to assume that in the vicinity of the greatest Galician city Jews could still retain their intermediary position in the countryside, due to the phenomenon of fragmented markets. The distinctive features of urban counties suggest that the economic function of the Jewish rural population dwelling there was different from the economic activities which underpinned the Jewish movement to the East Galician countryside between 1880 and 1890. The core of the latter were Jewish intermediaries migrating to the most backward and isolated East Galician counties where their economic activity was still based on the pre-modern concept of the status gap. None of the urban counties match any of the characteristics typical of the disputed regions of Jewish settlement in the countryside. The presence of large cities or industrial centres (Drohobycz) tended to decrease illiteracy and augment mobility rates. In the distribution of both variables these counties were placed on the opposite side to the other counties in which the countryside still made up an important part of Jewish economic activities. It seems more reasonable to assume that in the first case Jews were present in the countryside as a consequence of the food requirements of the city and that their activity would rather resemble that of Tewje the diarist. The principal source of their income would be derived from supplying agrarian products for the needs of city dwellers; in doing so many of them could find that the location a close distance to the city was more attractive than the city itself. According to the results of Buzek's study, one of three village communes in East Galicia where Jews had a relative majority was the commune Zniesienie located in the direct vicinity of Lviv. Among six village communes with a Jewish minority accounting for between 30 and 50 per cent of the population three others may be considered the suburban type: Kałusz nowy (by Kałusz city), Krzywulanka (by Kamionka city) and, the largest one, Knihinin wieś bordering the frontiers of Stanisławów city, the fourth largest Galician city⁵⁸. In the last case the commune

⁵⁸ Józef Buzek, *op. cit.*, p. 140.

was also the location of a large market for agrarian products. It is likely that in such villages Jews appear not only as intermediaries but also as the producers dwelling in the suburbs of great cities and selling dairy products together with the products of horticulture.

Evidence for the shift in Jewish village settlement in East Galicia towards large cities may be found in the change in the values assumed by the dissimilarity index between Jewish and non-Jewish village population. In the counties where large cities were situated we may observe the constant increase in the index' value, the increment being less substantial for smaller cities in the decade 1900-1910, the larger the greater the city. As a result, in 1910 all East Galician counties where major Galician cities were located had also relatively higher indices for Jewish village populations.

Yet another way to illustrate this process is to examine the relationship between the index of dissimilarity between general Jewish and non-Jewish populations and the index calculated for village populations only. Between 1880 and 1910 the two indices correlate with increasing strength .479, .542, .586 and reach very high level of .730 in 1910. In other words, in the course of time the concentrations of the Jewish rural population mirrored more closely the concentrations of the overall Jewish population. In the section dedicated to the relation between Jewish settlement and population density we posed the question to what extent the changes in the correlation values were the result of the active flows of the Jewish village population. In fact, this issue regards all the statistical relationships analyzed here; we may ask whether the regularities we observe are only the result of the unequal pace of the decline in the number and proportion of the rural Jews evidenced for the whole of the country (with the already discussed exception concerning East Galicia between 1880 and 1890). The figures for urbanized counties demonstrate that there were some changes in Jewish settlement in the countryside which owed their origin to population movement other than urbanization. The Jewish village population of some counties - most likely those which neighboured the counties with the largest East Galician cities - was attracted by the economic advantages of the movement to the vicinity of large

urban markets. Judging from the map, one can venture the contention that such was, for example, the case of some of rural Jews in Żółkiew county. The coincidence of a rapid decline in the number of rural Jews dwelling there between 1900 and 1910 and the equally dramatic increase in their number in the Lviv county - bordering Żółkiew from south - seems to be an outcome of such a population movement⁵⁹. We may return herto the decrease in the correlation between the illiteracy level and the settlement of Jews in the countryside; Jews moving from villages in more backward counties to village communes close to large cities would be another element contributing to this phenomenon.

It is somehow surprising that the countryside adjacent to West Galician cities did not experience this phenomenon. Most likely, the smaller percentage of West Galician Jews were more easily absorbed into the cities without having to look for another source of income. The decline in the number of rural Jews began earlier and proceeded at a faster rate than in the east. Therefore the expansion of the cities and opening of new economic opportunities for providing food to the urban markets found few Jews still living in the countryside and ready to take over new economic functions. Such was the situation in Cracow, situated in the western part of the province where the proportion of the rural Jews was the smallest in the country.

Another aspect of Jewish settlement in the countryside worth considering is the changes in the linkages between Jewish economic activities and manor economy. In 1910 in the five West Galician counties with the greatest concentration of the Jewish town and village populations the average percentage of total arable land belonging to tabular landowners was 40.1 per cent, in 1910 35.3 per cent. In both cases the average for West Galicia was significantly lower: 30 per cent in 1900 and 26.3 per cent in 1910. Similarly, Jewish investment in land estates was higher in these counties than elsewhere - 13.3 per cent of total

⁵⁹ Between 1900 and 1910 the number of the Jews dwelling in the settlements below 2,000 inhabitants in Żółkiew county dropped from 4,812 to 3,003. What makes it even more precipitous is the fact, that it occurred after 30 years of the growth of the Jewish rural population. At the same time the number of rural Jews in Lviv county increased from 8,488 to 12,181.

tabular land was owned or leased by Jewish landowners in 1910 against 7,0 per cent province's average⁶⁰. Tarnobrzeg and Mielec were the only counties in West Galicia where (in 1902) the size of Jewish tabular property exceeded 5,000 ha which made up 6.4 per cent and 8.1 per cent, respectively, of the total county area⁶¹. Similarly, the majority of leased estates in the whole region were held by Jewish tenants. Nisko, where Jews accounted for 93.8 per cent of all tenants was the most extreme example of this phenomenon, but on the whole four counties belonging to the region ranked first in this respect in West Galicia⁶².

Jewish landowners and holders of tabular property were even more prone to staff the manorial administration with their coreligionists than the non-Jewish landowners. Thus, it seems that in this region until 1910 a substantial part of Jewish economic activities was still based on contacts with large estates.

For four East Galician counties bordering Russian provinces the average share of large estates in the total area was 4 per cent (43.3 per cent) and 4.7 per cent (41.4 per cent) above the province average for 1900 and 1910, respectively. In the two counties with the highest index' values (Kamionka and Sokal) the difference was more appreciable - 7 per cent in 1900 and 8.6 per cent in 1910. The share of the tabular property owned or leased by Jews varied among the counties between 19 per cent for Cieszanów, 7.4 per cent for Kamionka, 5.1 per cent for Sokal and only 3.7 per cent for Rawa Ruska⁶³. Only the first figure may be considered as significant and contributing to the increased Jewish presence in the countryside.

The strong link between the economic activities of rural Jews and tabular

⁶⁰ Calculated on the basis of the data published in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/3, pp. 47-48. In fact the average is summed up from the figures for four countries only - in Nisko county in 1910 there was no Jewish tabular property. Ten years earlier, however, Jewish landowners owned 22.5 per cent of the total area of tabular land in Nisko.

⁶¹ Stanisław Gruński, *op. cit.*, p. 28; Włodzimierz Wakar, *Rozwój terytorialny narodowości polskiej*, Kielce 1918, pt 1, pp. 95-96.

⁶² Franciszek Morawski, 'Dzierżawy w obrębie własności tabularnej w Galicji na podstawie sprawozdań wydziałów powiatowych', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 15/1 (1895/96), p. 18.

⁶³ *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/3, pp. 47-48.

property can be demonstrated for some of the counties situated along the Slovakian border. Two of them, Dolina and Nadwórna, had the greatest shares of the tabular land in the total arable land in Galicia (57.6 and 56.5 per cent in 1900). Most of the estates, however, are not included in these figures because they encompassed not the arable land but woods (arable land made up only about 25 per cent of the county). Jewish presence in the countryside was linked also to the well developed wood industry - Jews owned most of the local lumber mills and were involved in the further sale of the wood to large Viennese firms. In Dolina, Jewish tabular land (mainly woods) accounted for 13.8 per cent of total county area. Accordingly, it seems that the local concentrations of Jews in the countryside (13 village communes) were organized around wood production centres and the largest manorial territories⁶⁴. The remaining counties had average, or slightly below average (Turka and Sanok) share of tabular property; but the main reason seems to be derived from the natural conditions, that is, the small proportion and low quality of arable land. Lisko county, only slightly above the average percentage of tabular property, had the highest number of Jewish village communes (between 10 and 30 per cent) - 24 out of the total number of 198 such communes in East Galicia. This seems to be a consequence of large Jewish investment in land: in 1902, 12,999 ha of tabular land (12.5 per cent of the total arable land) was in the hands of Jewish landowners. In the whole country there was only one county (Stryj) where the share of Jewish landowners was higher⁶⁵. The symbiosis between Jewish property and manorial industries may be seen in the very high distribution of Jews in the population of manorial territories - 40 per cent in Turka and Bohorodczany, 35 per cent in Lisko⁶⁶.

The next issue is the relation between the economic activities of the rural Jews and demographic characteristics of the non-Jewish population. As we have

⁶⁴ Stanisław Gruński, *op. cit.*, p. 21.

⁶⁵ *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 20/3, pp. 47-48, Włodzimierz Wakar, *op. cit.*, pp. 105-107.

⁶⁶ Stanisław Gruński, *op. cit.*, p. 20.

seen, the coefficient for general correlation implies the existence of some regions of Jewish settlement in the countryside where the gradient of the population density was substantially below the mean. In fact all the counties we have described so far shared this characteristic. The counties stretching along the Slovakian border provide the most striking example in this respect because their population density was by far lowest in the country. In 1880 the mean for the whole region was 37.9 persons per square kilometre, 60 per cent of the average for East Galicia. In 1910 the density of the non-Jewish population dwelling in the region was still the lowest - 53.8 persons per square kilometre - and still about 40 per cent below the mean calculated for the province.

The evidence for the north-eastern counties bordering Russian provinces, similarly to the illiteracy and mobility data, does not offer clear proof for the link between the lower density of the non-Jewish population and Jewish economic activities in the countryside. It is true that the mean including the region is about 20 per cent lower than the mean for the whole province. It is difficult, however, to evaluate the statistical significance of this disparity which in fact ensues from the increase in the average caused by Podole, the most densely settled agricultural region in the country. With the exclusion of the Podolian counties the difference in population density between the region of Jewish rural settlement and the remaining counties becomes negligible.

The south-western region in East Galicia partly owed its low population density to natural conditions, that is, to the fact that they were located in areas adjacent to the Carpathian mountains. The disparity was less marked for West Galician counties situated on the Vistula plain. Nevertheless, for the whole territory the population density did not exceed 75 per cent of the average for West Galicia. Among the four least populated counties in West Galicia three were to be found in the region of Jewish rural settlement. Hence, unlike in the preceding case, it seems that for West Galician counties we may attribute some significance to demographic factors.

Low population density, alongside the fact that the initial difference was maintained throughout the whole period investigated, provides one more piece of evidence corroborating the relationship between backwardness and Jewish rural

economics. Demographic decline shall be understood in this context as a consequence of economic decline expressed by the lack of local urban centres which would absorb the population increase, and the lack of substantial improvement in agrarian productivity resulting in an excessively negative balance of migration.

A word remains to be said about the rural credit market. It is difficult to quantify the supply of rural credit in the analyzed regions of Jewish rural settlement. Some fragmentary data, however, may be obtained through the comparison of the number and national composition of existing rural credit cooperatives. Such data can be found in the statistical survey of the economic standing of the Jewish population commissioned in 1908 by country authorities. The most striking figure concerns the proportion between the number of Jewish and non-Jewish Schultze-Delitsch credit cooperatives. In West Galicia Jewish credit cooperatives accounted for 62.6 per cent of the overall number of credit cooperatives. In five counties indicated as those with the largest share of the Jewish rural population the proportion of the cooperatives whose boards were constituted by Jews was 77.8 per cent: out of 45 cooperatives only 10 were classified as non-Jewish. The largest disproportion occurred in Tarnobrzeg county where out of 9 existing Schultze banks 8 belonged to the Jewish country association⁶⁷. A similar situation regarded Mielec - 14 cooperatives out of which 12 were Jewish. In Nisko until 1910 there was no single non-Jewish credit association⁶⁸. The role of Jewish credit enterprises in the rural credit market appears even more significant when one takes into account the fact that in the territory of these counties there were no urban settlements, which elsewhere accounted for a substantial proportion of Jewish banks.

For East Galician counties the evidence supporting the link between the Jewish control over credit transactions - expressed here by the number of the Jewish credit banks of Schultze-Delitsch system - and the longer retention of the Jewish economic monopolies in the countryside is less coherent. Two of the

⁶⁷ Calculated from Stanisław Gruński, *op. cit.*, Table LI, p. 78.

⁶⁸ Leopold Caro, *Studia społeczne*, Kraków 1908, p. 258.

counties located in the areas bordering with Slovakia had very high share of Jewish credit cooperatives: 82 per cent against the province's average of 58.4 per cent. In the remaining counties the proportions between Jewish and non-Jewish Schultze banks did not differ substantially from the average. It should be kept in mind, however, that the larger part of non-Jewish credit cooperatives in East Galicia associated Ukrainian members. As such, they were on average significantly smaller and advance fewer loans to their members than Polish Schultze banks operating in the western part of the country (see Chapter 4).

The evidence on counties situated in the third region of Jewish rural settlement adds to the differences observed with respect to the comparisons involving the other variables. Only in Cieszanów did Jewish credit cooperatives hold a large share in the rural credit supply (77.7 per cent). In the other three counties the proportions were reversed; non-Jewish associations constituted the majority of the existing credit cooperatives⁶⁹.

Jewish economics and agrarian output

The relationship between Jewish economic activities in the countryside and the growth and structure of agricultural production is the last issue we analyze in this chapter. As an indicator of the changes in agrarian productivity the number of livestock per one self-employed person in the agrarian sector has been selected. There are three reasons why the index of animal output has been preferred to data on yields of cereal crops. Firstly, Austrian censuses provided detailed figures on the number and type of farm animals broken down by counties. Therefore, they are commensurable with the whole period under investigation and can be related to the other data supplied for the same time by the censuses. Secondly it is possible to separate production of peasant farms from the production

⁶⁹ Stanisław Gruński, *op. cit.*, p. 78.

of large landowners. Since most of the tabular property in Galicia specialized in raw wheat cultivation one cannot use grain production as an index reflecting the changes in the agrarian output of peasant farmers. In the case of livestock, however, such an operation is more feasible. From the data provided by the censuses and statistical surveys it may be deduced that it was the peasantry who owned the bulk of the animals. Galician economists calculated that in 1900 the farms whose area did not exceed 10 ha kept almost 80 per cent of the livestock and 86 per cent of the overall number of the pigs. Large properties (of the size above 100 ha) raised only 8.7 per cent of cattle and 3.3 per cent of the pigs⁷⁰. This data allows one to attribute the chief part of animal production to peasant farmers and to treat the number of livestock per capita as representative of the peasant agrarian production. The inverse relation between farm size and land productivity has been documented for the agriculture of many historical and contemporary LDC societies. Chayanov found the inverse relationship in his analysis of Russian agriculture in the 1920s. Similarly, most studies on agriculture in developing countries suggest that small farmers are more productive per unit of land than large farmers⁷¹. Labour dualism is a major contributor for explaining differing farm productivity. Small farmers are more productive because they face a lower cost of labour than large landowners; hence small farmers apply more labour on their land and higher land productivity is obtained. Thus land

⁷⁰ Franciszek Bujak, *Galicya*, vol. 2., Lwów 1908, p. ; Leon Biegeleisen, *Teoria małej i wielkiej własności*, Kraków 1918, p. 76; 'Czy dzielenie ziemi jest przyczyną ubóstwa ziemian w Galicji', *survey of Komitet Towarzystwa Rolniczego Krakowskiego* edited by Kazimierz Lange, Kraków 1892, pp. 50-51; Jevgei Chraplivij, *Plekannja rogatoi chudobi u schidnij Galicini 1880-1930*, Lviv 1933-40, pp. 23-24. See also, *Podręcznik Statystyki Galicji*, vol. 9, p. 163. This calculation has been also reproduced in the introduction to *Österreichische Statistik*, vol. LX, 3, part II, p. XXVII. The recent study on animal husbandry in five East Galician counties revealed similar relation; small farmers had a disproportional share in animal husbandry. Stella Hryniuk, *A Peasant Society in Transition: Ukrainian Peasants in Five East Galician Counties 1880-1900*, unpublished PhD dissertation, University of Manitoba, 1985.

⁷¹ Studies in Bangladesh, Bolivia, Colombia, Costa Rica and Ethiopia show that on average poor farmers have better records than well-to-do farmers. Avishanay Braverman and J. L. Guasch, 'Rural Credit Markets and Institutions in Developing Countries: Lessons for Policy Analysis from Practice and Modern Theory', in *World Development*, vol. 14/10-11, (1986), p. 1257

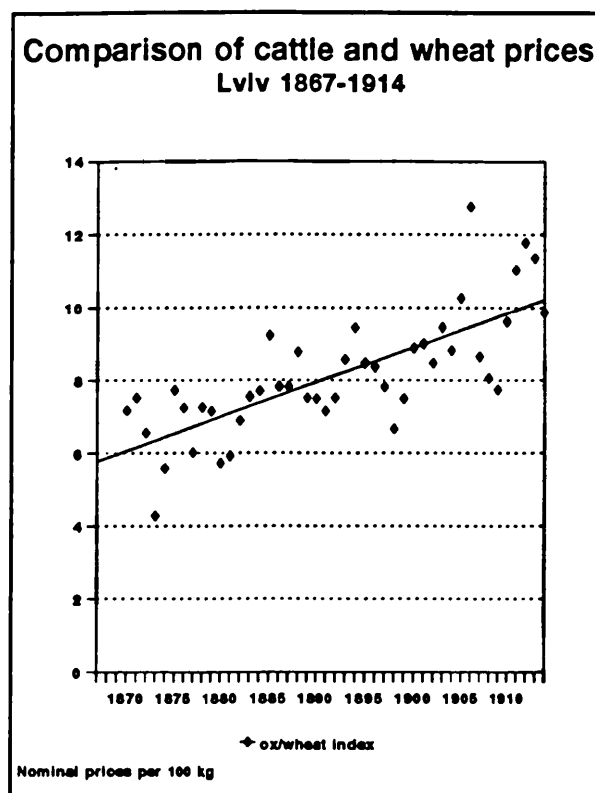
redistribution would lead to a higher output⁷². This comes as no surprise because of the abundance of labour and lack of elements of technological progress implemented on large farms in Galician agriculture - two closely linked factors which resemble patterns of production in LCD countries.

The third argument refers to the weight given to animal and vegetable production in estimating the changes in the profitability of the agrarian production. Between 1867 and 1914 one can identify two basic price trends determining the profitability of agrarian production in Galicia. The first of them is a well known phenomenon of the secular decline in grain prices, caused primarily by imports of cheap American grains in the second half of the nineteenth century⁷³. In the aftermath of this decline market conditions increasingly favoured producers of animal stock⁷⁴.

⁷² S. Bhalla, P. Roy, 'Mis-Specification in Farm Productivity Analysis: the Role of Land Quality', in *Oxford Economic Papers*, vol. 40/1 (1988), p. 55. The lower labour costs faced by small farmers may be also due to the expenses associated with supervision. Mukesh Eswaran, Ashok Kotwal, 'Credit and Agrarian Class Structure', in Pranab Bardhan (ed), *The Economic Theory of Agrarian Institutions*, Oxford 1983, p. 168.

⁷³ According to Pruski Galician markets were affected by the imports of cheaper American wheat in 1884. Witold Pruski, *op. cit.*, vol. 2, p. 40. The price series collected by Hoszowski and Górkiwicz do not offer sufficient grounds for this contention. After the short time prosperity in the beginning of the 1870s Lviv and Cracow markets registered two sharp declines in wheat prices: around 1875 and in the beginning of the 1880s. 1884 appears to be only one of the subsequent years in the second period.

⁷⁴ Pruski dates the improvement in livestock/wheat price differential for the decade 1884-1895. *Ibidem*, p. 61. The graph shows that in fact the change began already in the 1870s.



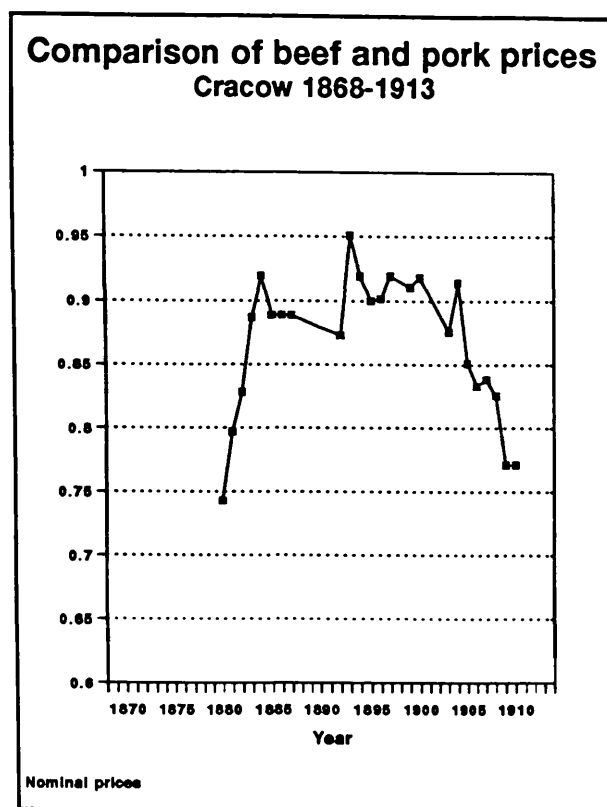
Graph 3.

Prices are expressed in crowns (*krone, floren, złoty austriacki, złoty reński*), a golden unit of currency introduced in Austria on 02.08.1892, after the adoption of the gold standard. The crown replaced in this function Austrian silver gulden, exchanged in relation 1 gulden=2 crowns⁷⁶. To make comparisons easier, prices have where necessary been converted from gulden and kreuzers (1 gulden=100 kreuzers) to crown and hellers (1 crown=100 hellers). Pfunds have been converted to kilograms (1 Pfund=0,560 kg).

Source: Calculated from Stanisław Hoszowski, *Ceny we Lwowie w latach 1701-1914*, Lwów 1934, pp. 99-100 (wheat) and 119-120 (oxen).

The same period witnessed changes in the differential price relatives concerning different types of husbandry. Until approximately 1895 Galician markets offered more incentives to cattle producers whereby the improvement in prices for pigs was most dramatic between 1880 and 1884. In the next ten years price fluctuations did not produce a clear line but from 1905 the relation between cattle and pig prices rose, favouring the latter.

⁷⁶ Aleksy Gilewicz, *Stosunki pieniężne w Galicji w latach 1772-1914*, Przemyśl 1958, p. 15.

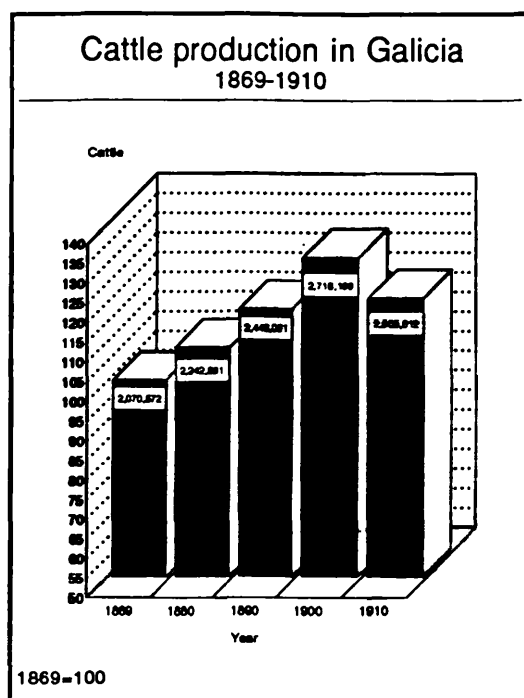


Graph 4.

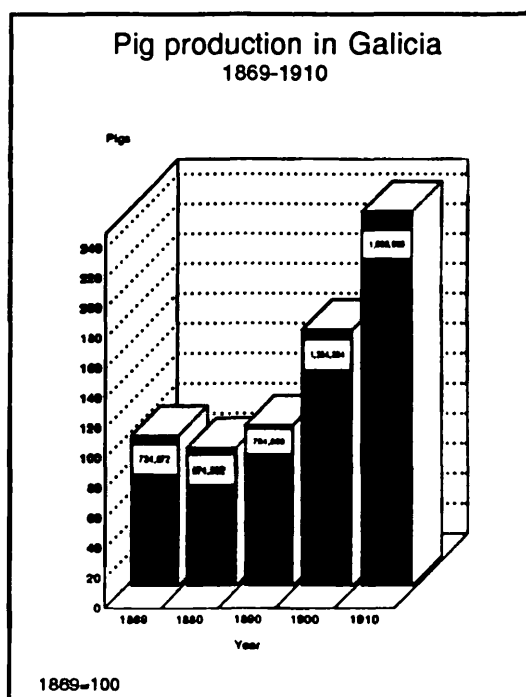
Source: Calculated from Marian Górkiewicz, *Ceny w Krakowie w latach 1796-1914*, Poznań 1950. pp. 170-171 (pork, *mięso wieprzowe piękne, viande de porc la meilleure*) and pp. 163-164 (beef, *mięso wołowe piękne, viande de boeuf la meilleure*).

The direction of price movements was reflected in the structure of animal production. Between 1869 and 1890 the development of cattle raising was underpinned by rising demand on livestock and its products on the Austrian markets⁷⁶. The shift to pig production between 1890 and 1910 and the subsequent decrease in the number of cattle kept by small farmers matched the relevant change in the profitability of animal farming.

⁷⁶ From the moment of joining Cracow (1855) and Lviv (1861) to the Austrian railroad network the trends registered on these Galician markets may be treated as representative of the whole country. Stanisław Hoszowski, *op. cit.*, p. 155.



Graph 5.



Graph 6.

Source: 1857 - *Statistische Übersichten über die Bevölkerung und den Viehstand von Österreich. Nach der Zählung vom 1. Oktober 1857*, Wien 1859; 1869 - *Bevölkerung und Viehstand der im Reichsrathe vertretenen Königreichen und Länder. Nach der Zählung vom 31. Dez. 1869*, Heft 4, Wien 1871; 1880 - 'Die Ergebnisse der Volkszählung und der mit derselben verbundenen Zählung der häuslichen Nutztiere vom 31. Dez. 1880 in den im Reichsrathe vertretenen Königreichen und Ländern', Heft 5, in *Österreichische Statistik*, vol. 2 (1882); 1890 - 'Die Ergebnisse der Viehzählung vom 31. 12. 1890 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische*

Statistik, vol. 34 (1893); 1900 - 'Die Viehzählung vom 31. 12. 1900 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol. 60 (1902); 1910 - 'Die Ergebnisse der Viehzählung vom 31. 12. 1910 in den im Reichsrathe vertretenen Königreichen und Ländern', in *Österreichische Statistik*, vol. 5 (1917), Neue Folge.

The dynamic of market adjustments in Galician agriculture stands in a strikingly close relationship to the price trends prevailing on agrarian markets. The connection between market conditions and the development of animal husbandry is evident not only in the general coherence between the former and the latter, but also in the fact that the dynamic of the two trends closely match each other. This is particularly manifest in the sharp increase in the number of pigs kept by country dwellers between 1890 and 1910. The fact that the increase has been achieved along with the simultaneous drop in the number of cattle suggests that most of the farmers made a rational choice based on available market information. In other words, stock was no longer employed only to cultivate and manure the soil but it began to function primarily as a market staple.

Unexpectedly, some elements of the market adjustments are perceivable already in the 1870s. The contention that in this period one can not talk about any significant changes towards economic development in agriculture has enjoyed widespread support among Galician economists and historians. The overwhelming backwardness of agricultural technology, the underdevelopment of the communication network and the fragmentation of the country market would imply that very few farmers had access to market information and that subsistence farming was the dominant type of agrarian production. In fact most of the Galician economists took the increasing indebtedness of peasant property and the advancing sub-division of holdings as positive proof of impoverishment and the deterioration in the economic well being of peasantry. However, even in this period Galician agriculture did not resemble a conventional picture of static and backward agrarian economy. Notwithstanding the presence of all the root problems of early modern agriculture - sub-division of holdings, low cereal yields and excessive surplus extraction - between 1869 and 1890 the number of cattle raised increased by 18.2 per cent, which compares well with the more developed

provinces of the Empire. The increase rate in the decade of the 1880s - 8.4 per cent - was, except for Bukovina, the highest among all the Austrian provinces. In fact the number of livestock registered by the animal census of 1890 would have been substantially higher but the drought and numerous animal diseases in the proceeding year decimated Galician herds. According to some estimations, as many as 375,000 cattle were lost in the aftermath of these events⁷⁷. Moreover, the scale of growth was reduced by the tendency towards substituting horses for oxen in providing traction for land cultivation⁷⁸. It is also noticeable that the progress in husbandry occurred along with the reduction in the proportion of arable land lying under fallow. Between 1850 and 1883 the area of fallow land shrank from 691.100 ha to 284.300 ha⁷⁹. The decrease met that the peasants increasingly employed the fodder crop option in order to overcome lack of pastures⁸⁰.

However, it is impossible to extend the comparison to the quality of farming techniques; Galician cows presented rather a humble picture when compared with their Bohemian or Lower Austrian sisters⁸¹. The same remark applies to the intensity of stock raising. Although in absolute numbers Galicia ranked first in the Austrian half of the Monarchy, it was only eighth when the number of cattle per

⁷⁷ Stefan Komornicki, *op. cit.*, p. 22; Witold Pruski, *op. cit.*, vol. 2, p. 30; Henryk Sarczyński, 'Objawy nieurodzaju w Galicji w roku 1889', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. (1890), p. 24.

⁷⁸ Between 1880 and 1890 the overall number of oxen decreased by 102,983. In reality the decrease was somewhat smaller since it is likely that in East Galicia some oxen were classified as bulls. Komornicki estimates that the actual decrease was about 39,379. Since at the same time the number of the horses increased by 30,308 it is likely that the major part of the drop should be attributed to the traction oxen replaced by horses. *Podręcznik Statystyki Galicji*, p. 178; Stefan Komornicki, *op. cit.*, p. 16.

⁷⁹ Roman Sandgruber, *Wirtschaft und Sozialstatistik Ost-Ungarns*, Vienna 1978, Table 80, p. 46.

⁸⁰ In Podolia animal fodder crops were grown on only 0.4 per cent of the total ploughland in 1884, but by 1898, 1.8 per cent of the ploughland was used for this purpose. Stella Hryniuk, 'Peasant Agriculture in East Galicia in the Late Nineteenth Century', in *Slavonic East European Review*, vol. 63/2 (1985), p. 237.

⁸¹ The first attempts at the improvement of cattle breeding were initiated by the Galician government in the beginning of the 1880s. For detailed description progress in animal husbandry see, the class Witold Pruski, *op. cit.*, pp. 52-61 and 118-214.

1,000 agrarian population was considered⁸². What is important, however, is that already in a period in which the Galician peasantry was believed to have been characterised by extreme backwardness and traditionality one may see some elements of the same process through which involved it evolved into the sphere of market forces as had occurred in the much more advanced Austrian provinces.

The contradiction between the early shift towards market production and the simultaneous lack of social and economic changes associated with modernization lends more support to the forced commerce concept described in the preceding chapters. In the transactions taking place in the framework of such a pattern of exchange it is not necessary for peasants to possess knowledge of market prices or to overcome the traditional aversion towards the risk entailed in the switch from subsistence to market oriented farming. The role of mediators of economic forces is assumed by the Jewish middleman who, with the help of credit transaction, may constrain his peasant clients to market most of their agrarian surplus. It is rational that Jewish tradesmen would attempt to link credit arrangements to the most profitable sector of the agrarian market. The course of the main price movements implies that in the first years after the laws of 1868 it was the trade with livestock which offered the highest profits in comparison to other agrarian products. In Chapter 4 we have cited historical evidence showing numerous examples of credit transactions involving animal stock - the most frequent example was when the peasant debtor tended the cattle belonging to the creditor. The profitability of the whole venture, other than favourable price trends, could also lie in the fact that the economic calculations of the costs of feeding and tending the stock was most often incomprehensible to the farmer. It also seems worthwhile to emphasise the different mechanism on which the profits of Jewish middlemen were based as opposed to the interlinked transactions involving grain crops. Long term price fluctuations were in the case of the latter of small importance, since the main source of the tradesman's profit was the relative difference between the prices paid for grain after harvest and in the period of spring hardships.

⁸² Stefan Komornicki, *op. cit.*, p. 3.

Therefore, it is likely that the initial development of animal husbandry was induced to a large extent by Jewish agrarian middlemen who until 1914 held a monopoly on the cattle market. On the other hand it is important to keep in mind the space and time limits in the application of forced commerce concept to the Galician agriculture. The importance of Jewish intermediaries in forcing peasants to sell the growing proportion of their output on market decreased over time. It may be assumed that it reached its peak in the first years following the legislation of 1867. This was due to the fact that in this period Jewish tradesmen got the upper hand in the rural credit market. The gradual development of rural credit organizations broke the credit link on which forced commerce exchange was built. Credit unions emerged as a significant credit supplier in the rural credit market around 1890 in West Galicia and 1900 in East Galicia; consequently one may treat these years as a sort of landmark in ousting Jews from their economic positions in the countryside.

The loosening grip of forced commerce exchange was one factor, but there were also other causes. Besides natural conditions - like the overall percentage of agrarian land and its proportion lying under fallow and pastures - the other determinant was the share of agrarian land occupied by small landholdings. The inverse relationship between farm size and productivity implies that the smaller share of tabular property and the greater number of small farms resulted in more intensive husbandry. Small landowners also made up the bulk of the clientele of Jewish money lenders because they faced others constraints on financial liquidity more frequently than the others⁸³. Therefore the counties with lower percentages of tabular land were more likely to rank high in stock raising. In statistical terms, the inclination of Jewish intermediaries to concentrate in such counties counteracted a similar inclination towards settlement in manorial territories encompassing tabular land. It may also be expected that in the course of time new phenomena characteristic of increasing market integration - like the development of communication networks and the elimination of petty tradesmen analyzed in the proceeding section - overrode the importance of the link between the presence

⁸³ In Alsatia Jewish usury had increased thanks to the apportioning of land. Zosa Szajkowski, *Agricultural Credit and Napoleon's Anti-Jewish Decrees*, New York 1953, pp. 49-50.

of numerous Jewish intermediaries and the high number of livestock kept by country dwellers.

In the light of what has been said above it comes as no surprise that 1880 is the only year for which some statistical relationship between the spacial distribution of animal production and geographical pattern of Jewish settlement may be observed. As may be seen from the maps, counties characterised by high values of cattle/to the self-employed in agriculture match roughly three regions with the highest concentrations of rural Jews. Almost all these counties were situated beside principal railways which proves that in 1880 the connection between the economic activities of petty Jewish tradesmen and animal husbandry had not yet been overshadowed by the economic influence of the expanding communication network. The fact that the correlation between animal output and Jewish rural settlement is still quite weak - .187 - may be explained by the very low level of animal production in Podolia counties (south-eastern region in East Galicia), where at this time substantial numbers of Jews still dwelt in the villages. The high percentage of tabular property combined with the smallest proportion of pastures provide an explanation for this phenomenon⁸⁴. The quality of agrarian land was also of importance - Podolian soils were the most fertile in the whole country and the region traditionally specialized in wheat production.

From 1890 onwards one cannot observe any significant statistical relationships between Jewish rural settlement and cattle raising at the country scale. When the correlation is calculated separately for the two provinces it shows a slightly different pattern. For West Galicia the initial relationship is stronger than for the eastern province and for the country as a whole, although still slightly below the level of statistical significance (.550 in 1880 and .551 in 1890, by the .555 level of statistical significance). In the next two decades the strength of the correlation declines through .474 in 1900 to .205 in 1910. The occurrence of the statistical relationship between the presence of the rural Jews and high levels of animal (cattle) output is mostly due to Jewish settlement in the mid-northern counties. These counties, defined in the preceding section as one of the three main

⁸⁴ The proportion of pastures and meadows in the whole region was 3.4 per cent. Stefan Komornicki, *op. cit.*, p. 5.

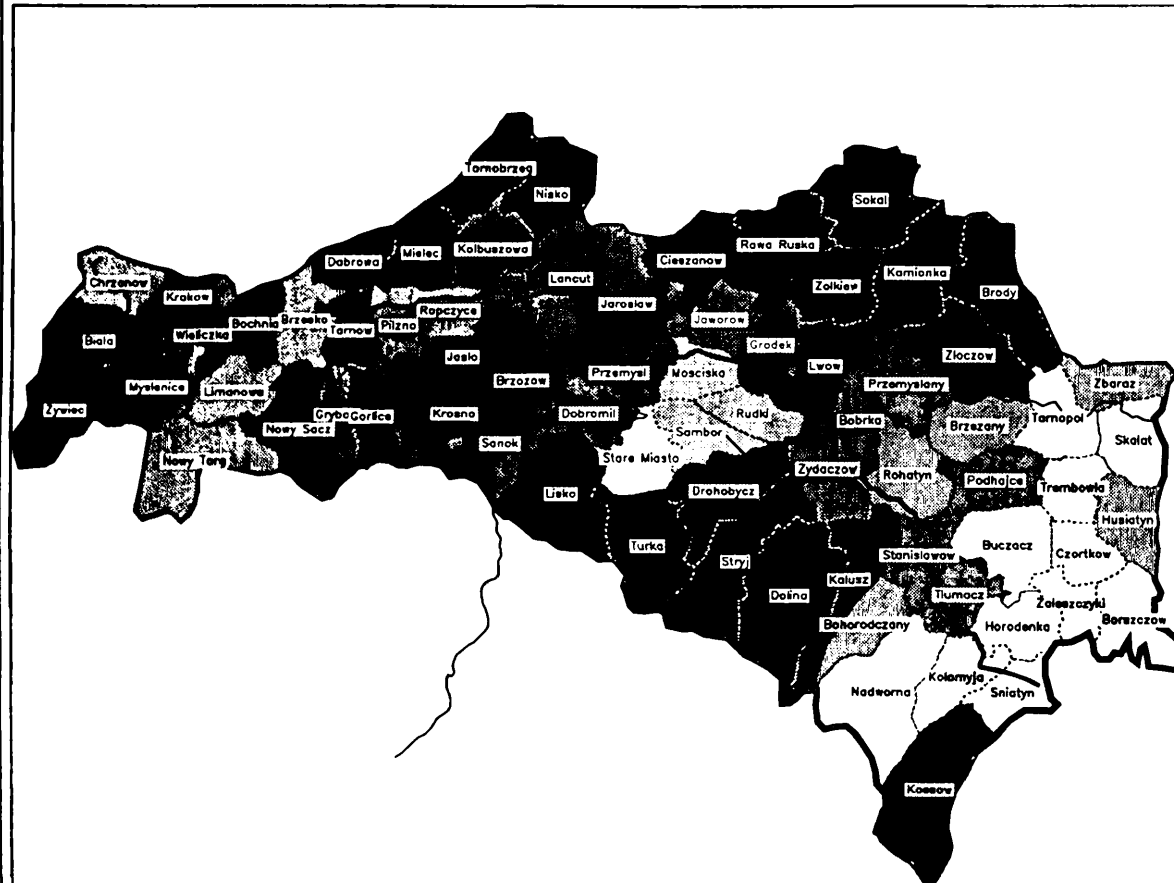
regions of Jewish rural settlement, show at the same time that local peasants kept a greater number of cattle than elsewhere. It is interesting to note that the expansion of the area with intensive cattle production to the southern, Carpathian counties, was partly followed by the similar movement of Jewish intermediaries; therefore until 1900 the correlation maintained its high value. In the three west Carpathian counties where the growth was most significant - Grybów, Gorlice and Nowy Sącz - the number of rural Jews also increased⁸⁵. Since this tendency was against the overall trend in West Galicia it seems that one may attribute it to local migrations of Jewish agrarian tradesmen originating in other counties. In this case Jews would follow, rather than induce the increase in the number of livestock kept by peasants. Except for the profits derived from the augmented volume of traded cattle (and relatively smaller competition) another incentive might have been the increase in the purchasing power of the peasantry.

The final drop in the relationship between 1900 and 1910 was caused by the rapid decline in the number of rural Jews in West Galicia and their movement to the Galician cities. Another reason was the increase in animal productivity in the most mountainous counties - Żywiec and Nowy Targ - where Jews dwelt in very insignificant numbers in villages.

The changes in the shape of the relationship for East Galicia are less meaningful. Initial correlation is low and increases in the last two decade of the period under investigation (.318 in 1900 and .349 in 1910, by .399 statistical significance level). A most likely explanation of the low strength of the relationship is Jewish rural settlement in Podole counties where, as it has been mentioned, local agriculture specialized in vegetable production. Accordingly, the gradual abandonment of local villages by Jews would be responsible for the increase in the relationship in the 1900-1910 years.

⁸⁵ Between 1880 and 1900 the number of rural Jews in these three countries increased by 1644, or 22 per cent. In the same period the overall number of the Jews dwelling in the West Galician countryside shrunk by 9.8 per cent.

Geographic pattern of cattle production Galicia 1880



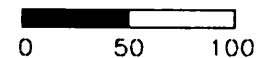
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- Border
- district_1910
- Cracow-Lviv
- Lviv-Czerniowce
- rail_1880

Cattle per 1 self-empl. in agric.

- 125.9 to 197.1
- 197.1 to 264.2
- 264.2 to 283
- 283 to 298.7
- 298.7 to 338.1
- 338.1 to 488.2






Km









Geographic pattern of cattle production Galicia 1890



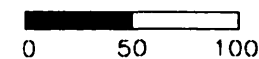
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-  Cracow-Lviv
-  Lviv-Czerniowce
-  rail_1890

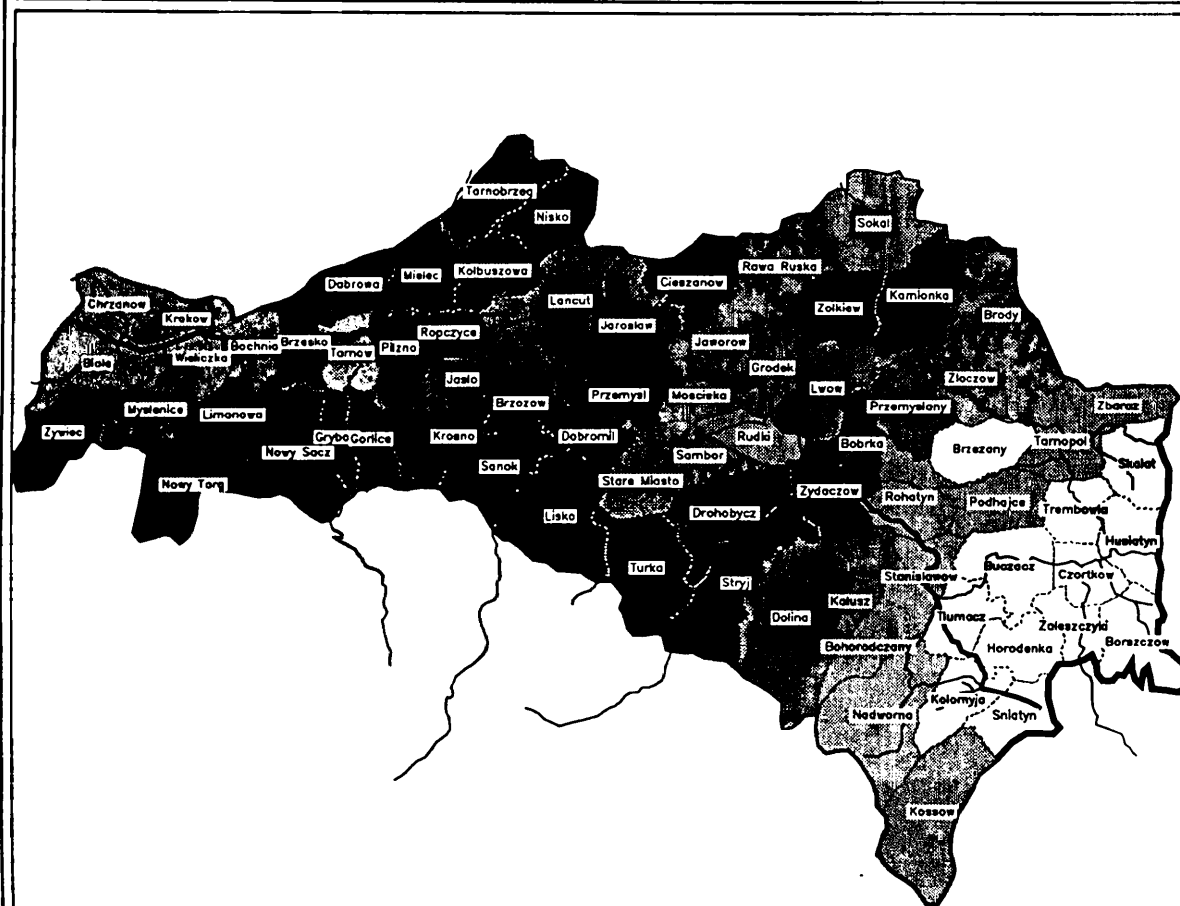
Cattle per 1 self-empl. in agric.

-  126.3 to 206.9
-  206.9 to 271
-  271 to 303.5
-  303.5 to 330.5
-  330.5 to 354.6
-  354.6 to 488.1

Km



Geographic pattern of cattle production Galicia 1900



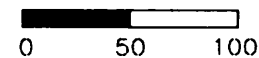
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- Lviv-Czerniowce
- rail1905

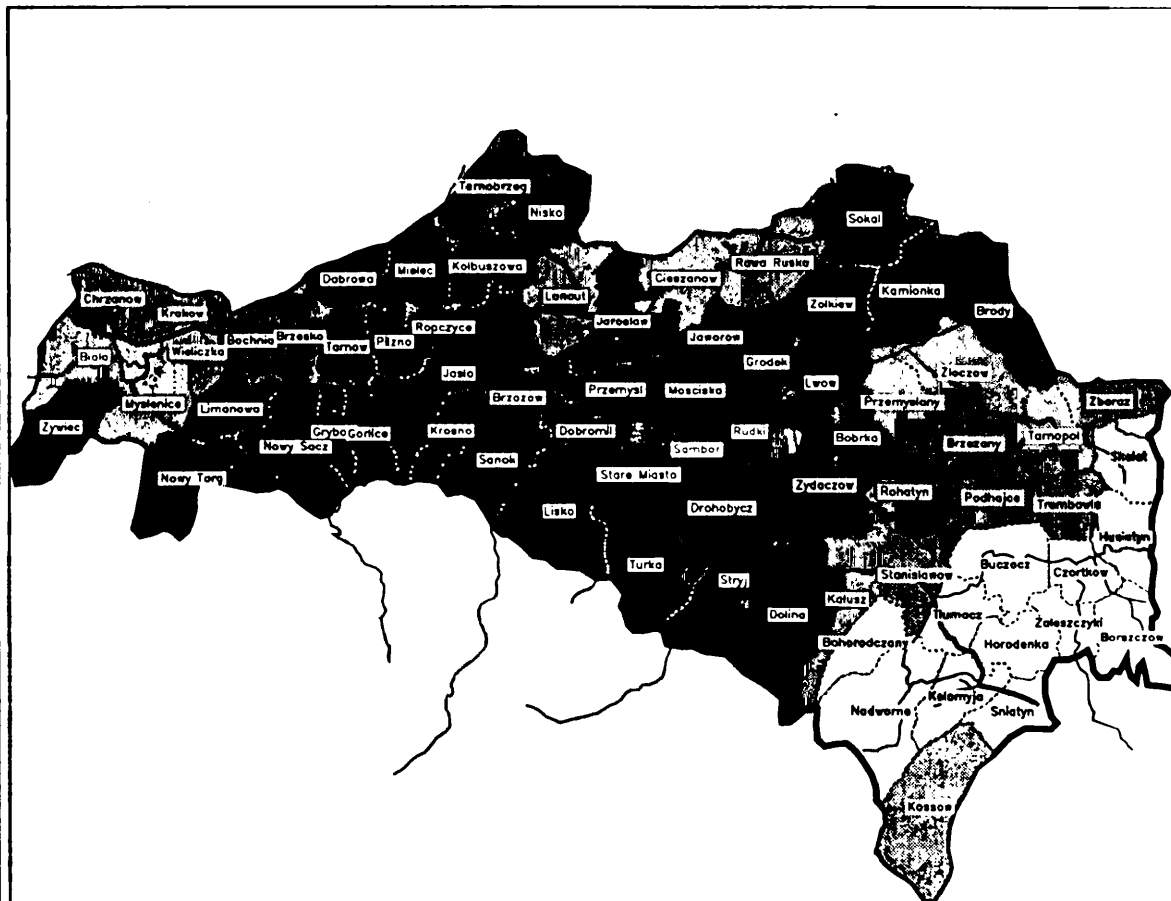
Cattle per 1 self-empl. in agric.

- 147.1 to 214.9
- 214.9 to 263.5
- 263.5 to 294.3
- 294.3 to 323.8
- 323.8 to 361.7
- 361.7 to 622.7

Km



Geographic pattern of cattle production Galicia 1910



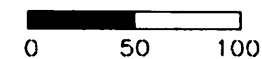
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- Cracow-Lviv
- Lviv-Czerniowce
- rail1905

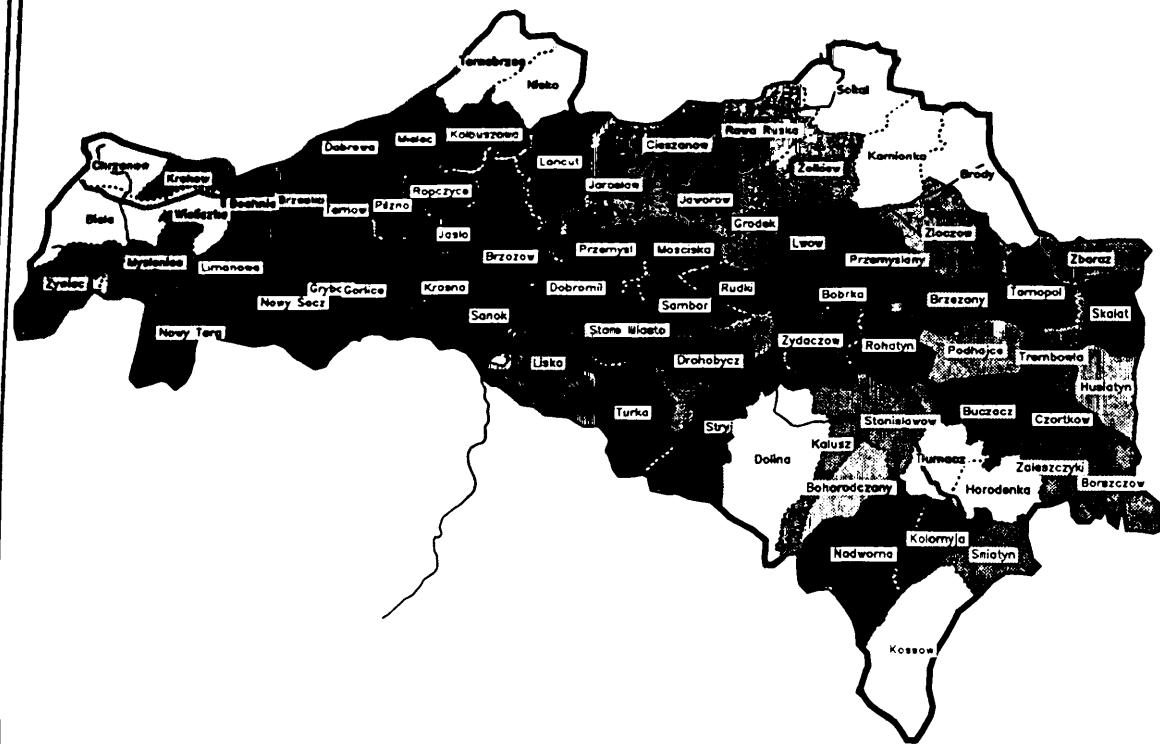
Cattle per 1 self-empl. in agric.

- 116.1 to 171.8
- 171.8 to 205.2
- 205.2 to 229.2
- 229.2 to 246.8
- 246.8 to 279.9
- 279.9 to 362.1






Km



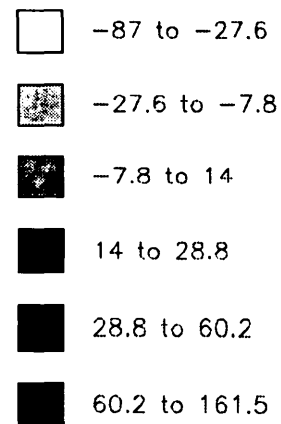
Relative change in cattle production
Galicia 1880–1890



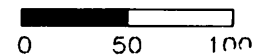
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-  Border
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 Cracow-Lviv
 Lviv-Czerniowce
 rail_1890

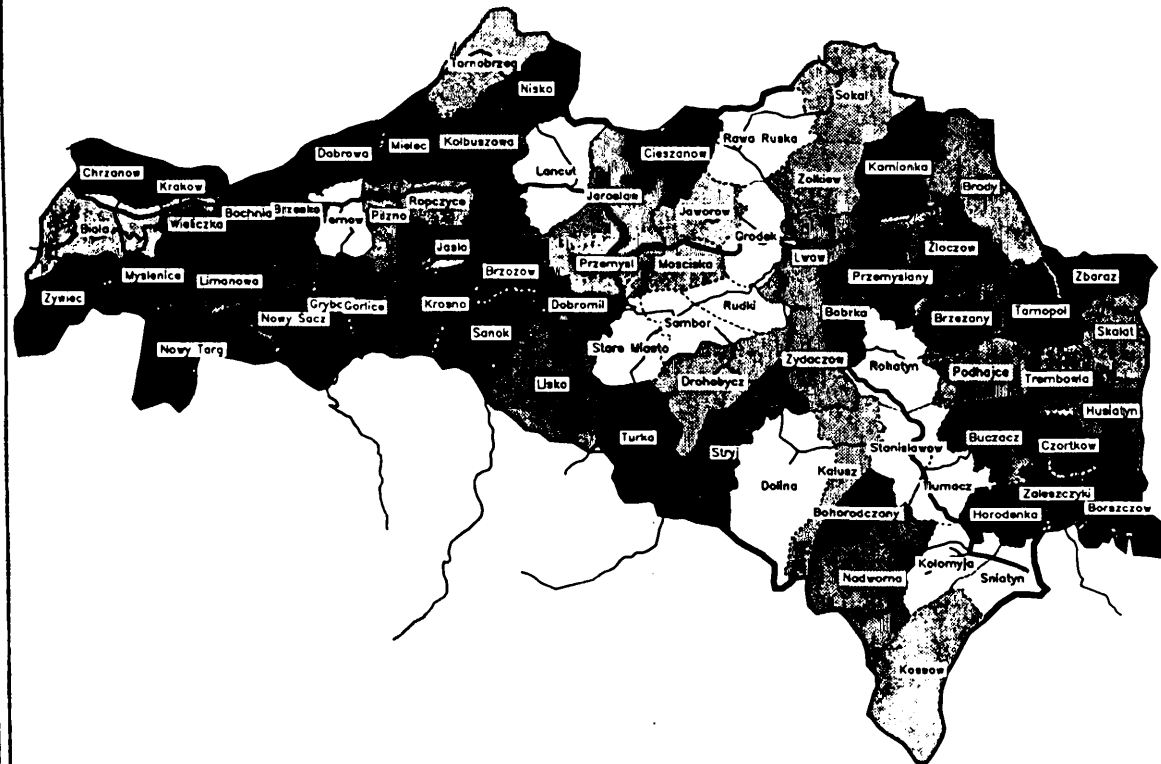
Change in cattle/1 self-empl. in agric.



Km



Relative change in cattle production Galicia 1890-1900



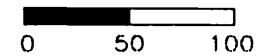
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- Cracow-Lviv
- Lviv-Czerniowce
- rail1905

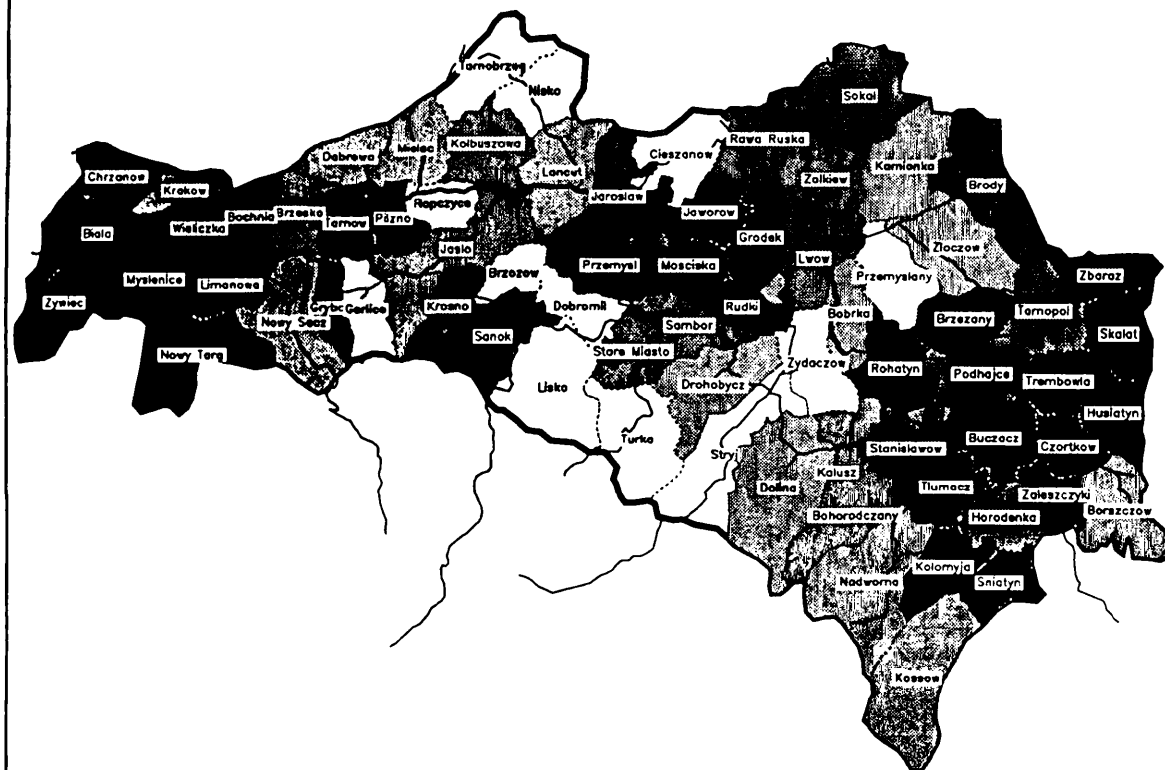
Change in cattle/1 self-empl. in agric.

- 65.6 to -28.8
- 28.8 to -12.2
- 12.2 to 1.7
- 1.7 to 14.3
- 14.3 to 30.2
- 30.2 to 261.3

Km



Relative change in cattle production Galicia 1900–1910



Legend



Border



district_1910



Cracow–Lviv



Lviv–Czerniowce



rail1905

Change in cattle/1 self-empl. in agric.



-344.9 to -101.2



-101.2 to -75.4



-75.4 to -63.6



-63.6 to -50

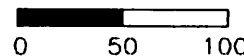


-50 to -40.9

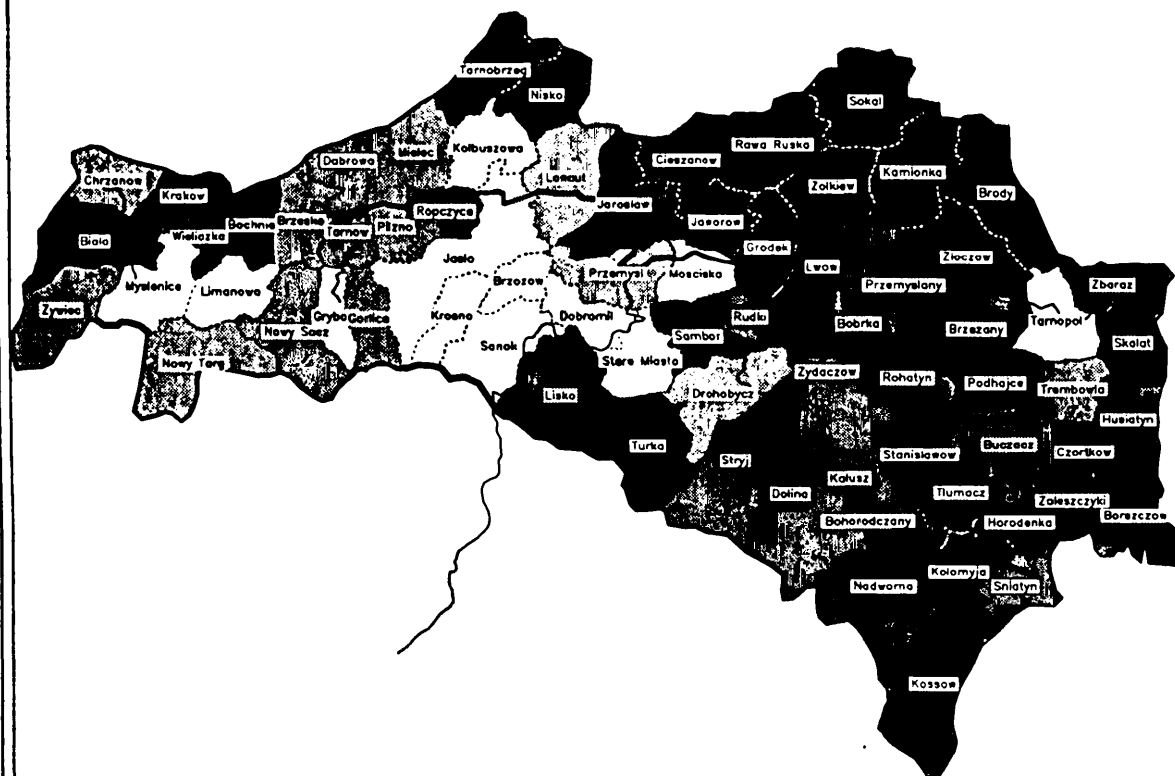


-40.9 to 5.1

Km



Geographic pattern of pig production Galicia 1880



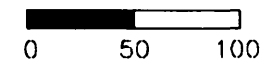
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- Cracow-Lviv
- Lviv-Czerniowce
- rail_1880

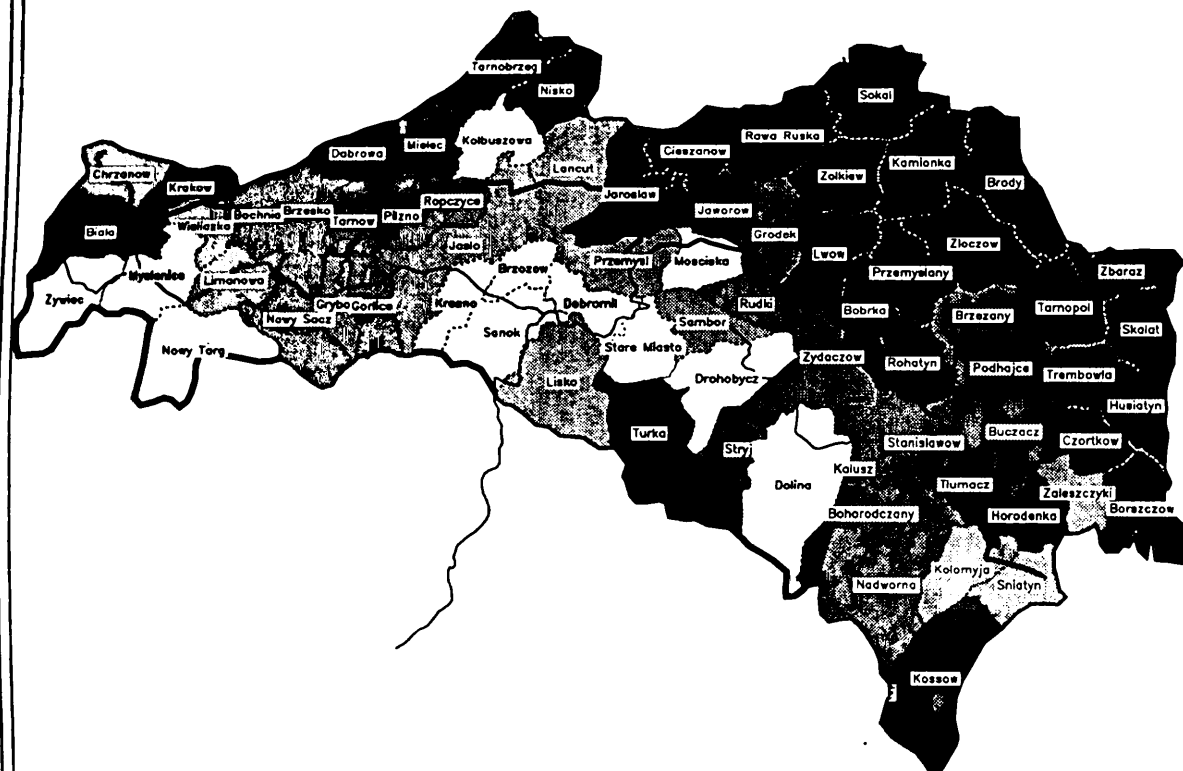
Pigs per 1 self-empl. in agric.

- 18.5 to 48.1
- 48.1 to 62.5
- 62.5 to 72.1
- 72.1 to 89.8
- 89.8 to 113.2
- 113.2 to 271.2

Km



Geographic pattern of pig production Galicia 1890



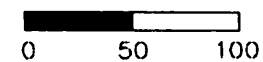
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- Cracow-Lviv
- Lviv-Czerniowce
- rail_1890

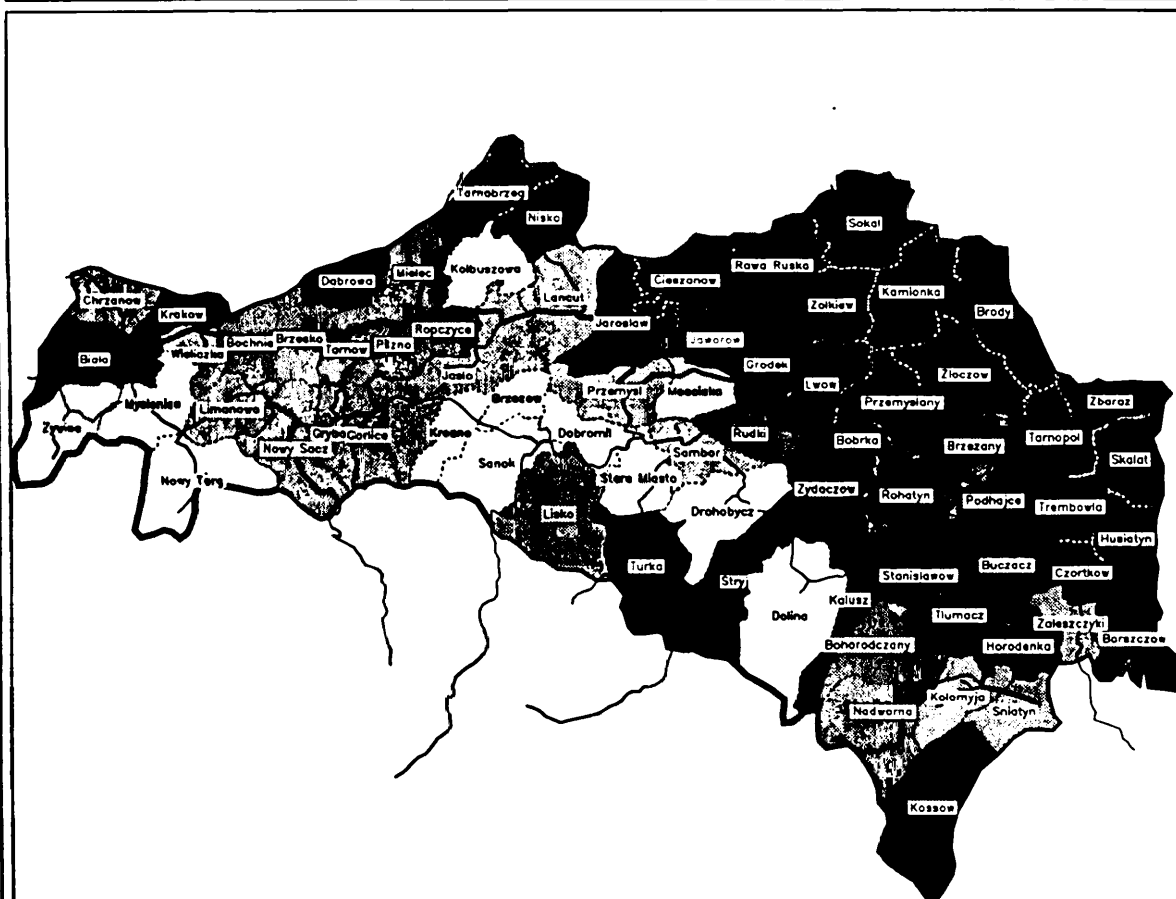
Pigs per 1 self-empl. in agric.

- 53.5 to 86.6
- 86.6 to 111.8
- 111.8 to 123.2
- 123.2 to 145
- 145 to 183.1
- 183.1 to 337.5

Km



Geographic pattern of pig production Galicia 1900



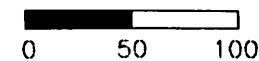
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- Cracow-Lviv
- Lviv-Czerniowce
- rail1905

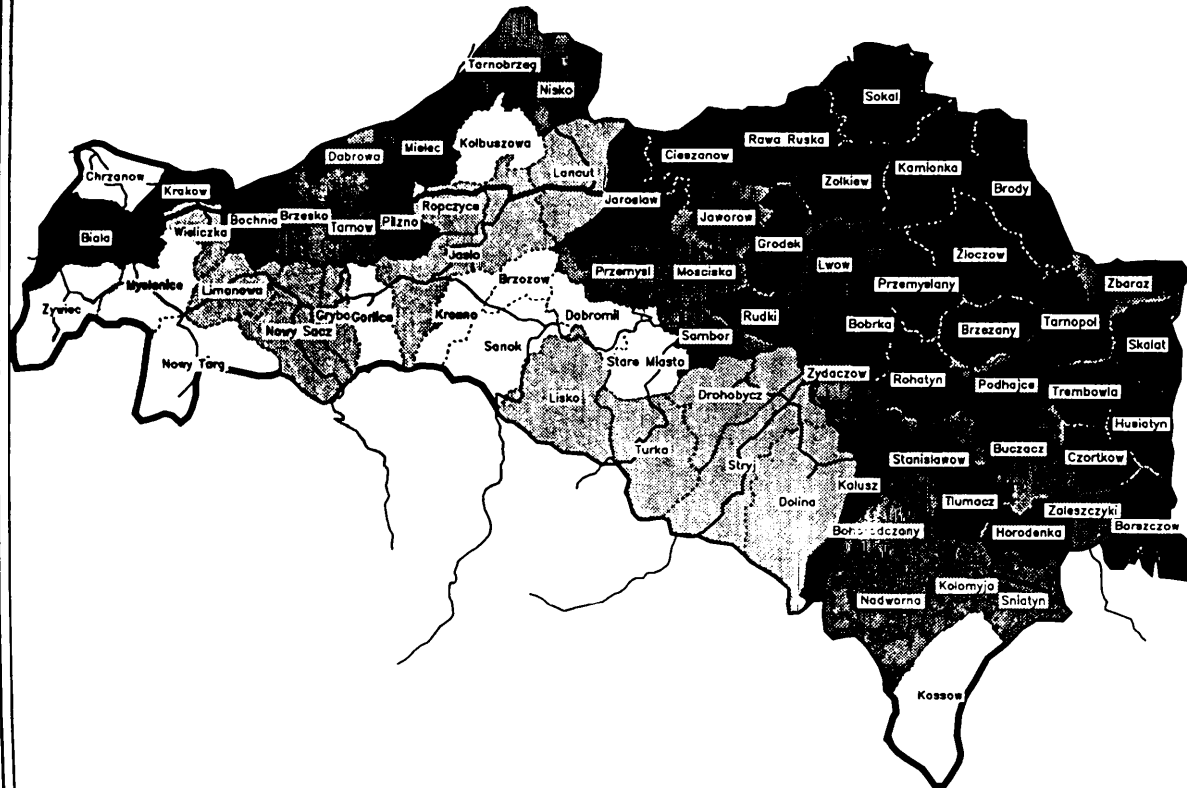
Pigs per 1 self-empl. in agric.

- 53.5 to 86.6
- 86.6 to 111.8
- 111.8 to 123.2
- 123.2 to 145
- 145 to 183.1
- 183.1 to 337.5



Km









Geographic pattern of pig production Galicia 1910



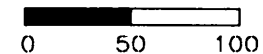
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-  Border
-  district_1910
-  Cracow-Lviv
-  Lviv-Czerniowce
-  rail1905

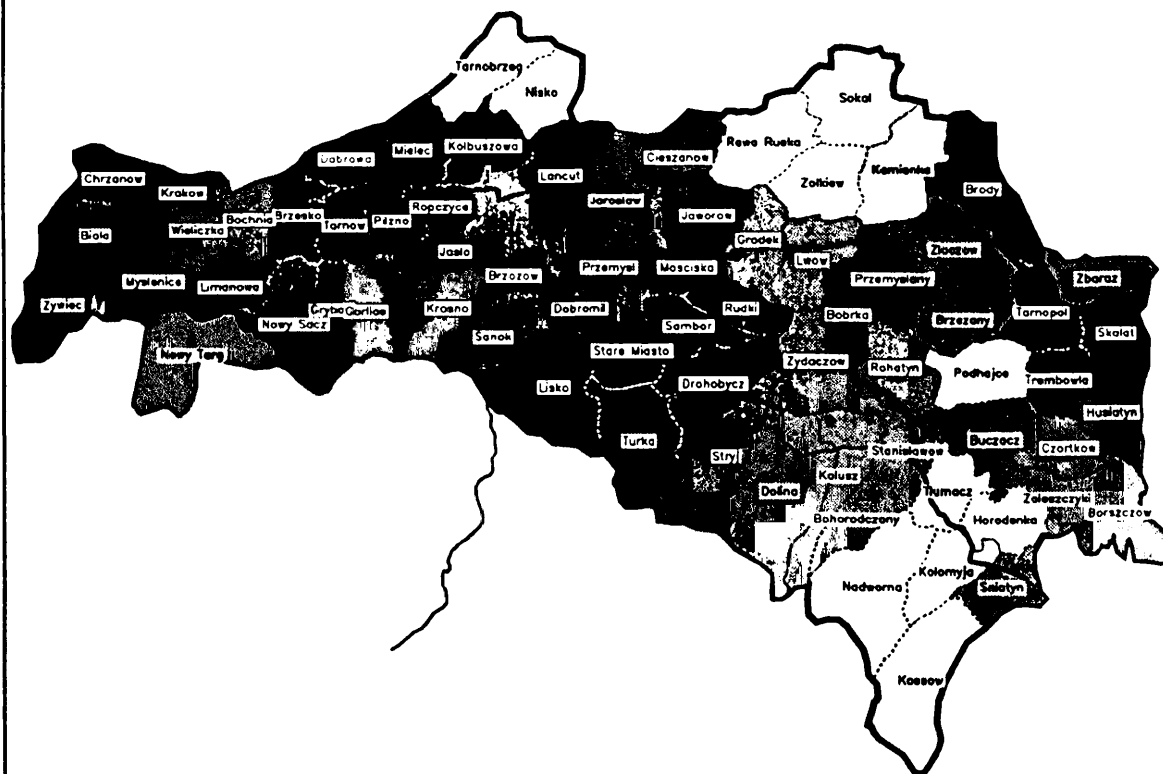
Pigs per 1 self-empl. in agric.

-  69.9 to 111.6
-  111.6 to 141.8
-  141.8 to 164.5
-  164.5 to 180.2
-  180.2 to 201.6
-  201.6 to 337.2

Km



Relative change in pig production Galicia 1880-1890



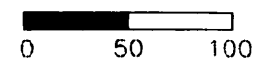
Legend

- Border
- district_1910
- Cracow-Lviv
- Lviv-Czerniowce
- rail_1880

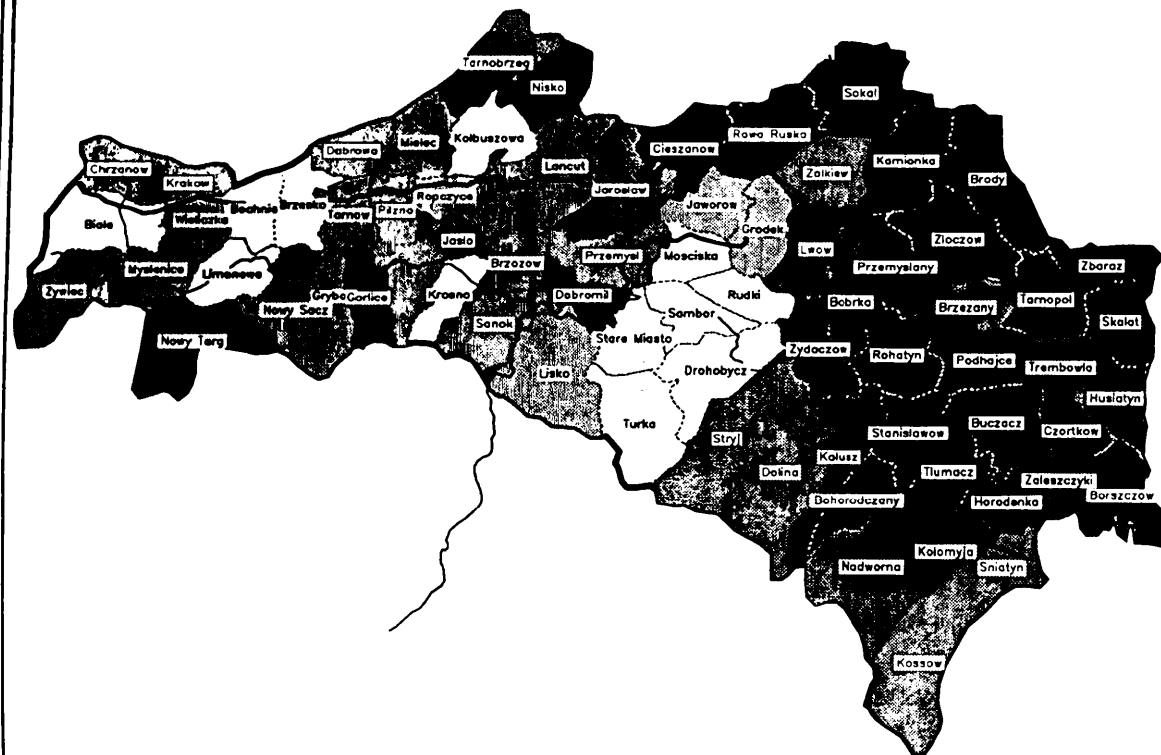
Change in pigs per 1 self-empl. in agric.

- 69.4 to -20
- 20 to 1.2
- 1.2 to 10.2
- 10.2 to 22.1
- 22.1 to 33.6
- 33.6 to 80.7

Km



Relative change in pig production Galicia 1890–1900



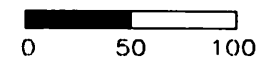
Legend

- Border
- district_1910
- Cracow–Lviv
- Lviv–Czerniowce
- rail_1890

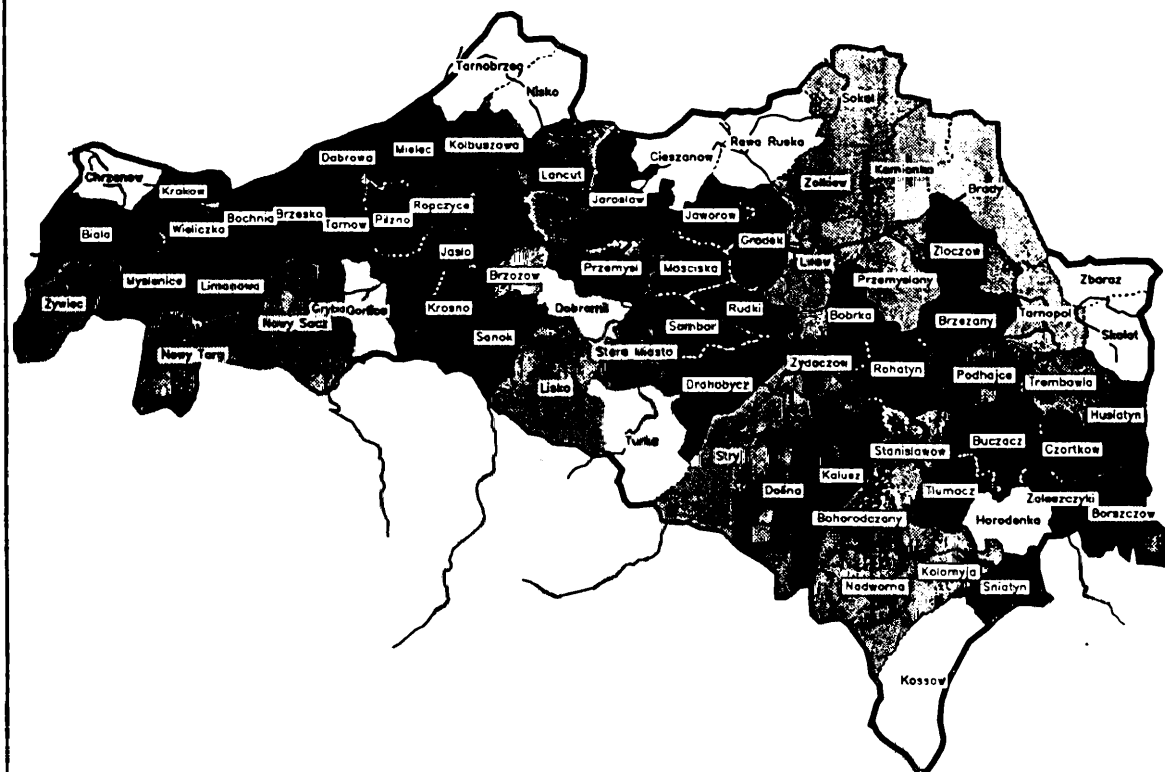
Change in pigs per 1 self-empl. in agrlc.

- 76.9 to 12.7
- 12.7 to 25.4
- 25.4 to 34.6
- 34.6 to 60.5
- 60.5 to 81.9
- 81.9 to 142.9

Km



Relative change in pig production Galicia 1900–1910



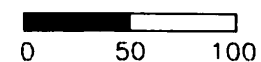
Legend

- Border
- district_1910
- Cracow–Lviv
- Lviv–Czerniowce
- rail1905

Change in pigs per 1 self-empl. in agrie.

- 42.08 to -1.8
- 1.8 to 18.9
- 18.9 to 32
- 32 to 40.98
- 40.98 to 51.15
- 51.15 to 95.33

Km



The set of maps demonstrating changes in the index of animal output between 1880 and 1890 makes it clear that the development of the railway network was a decisive factor contributing to the intensity of animal production after 1880. Most counties which registered an increase in the level of animal (cattle) production were located in the middle part of the country, stretching from west eastward, along the main Galician railroad. The change between 1890 and 1900 adds to this picture the development of cattle raising following the extension of the communication network; a most striking example was the rise in the index of animal output in the Carpathian counties situated in the western part of the country. This progress in animal husbandry was due to the construction of the trans-Carpathian railroad, running parallel to the Karl-Ludwig Bahn line.

The variations in the number of pigs kept by peasants developed along similar lines. The connection with the extension of communication network is even more pronounced than in the case of cattle production. From the map demonstrating the relative change in the index' value it may be seen how the development of the railroad network produced a growth in pig raising. The most evident example is the north-eastern region in East Galicia. Between 1880 and 1890, when the region had no access to the main Galician railroad, the number of pigs per one self-employed in agriculture substantially decreased. In the next decade, two railroads connected the region's main city (Sokal) to two large urban centres - Jarosław (1884) and Lviv (1887). The result of the expanding communication network was an immediate increase (the highest in the country) in local pig production. Two counties located in northern part of West Galicia provide another example of such an evolution; in their case the main factor was the construction of Tarnobrzeg-Nisko-Łańcut railroad.

Unlike the case of cattle raising, it is difficult to ascribe to Jewish agrarian tradesmen any considerable role in these developments. The chief reason concerns the ban on the pig trade which may be found in the Jewish religion. Jewish butchers did not abstain from buying non-kosher pork meat which was sent afterwards to Vienna and other Austrian markets⁸⁶ but the historical evidence

⁸⁶'Statystyka ruchu towarowego na pocztach galicyjskich w r. 1895', in *Wiadomości Statystyczne o Stosunkach Krajowych*, vol. 17/1 (1898/1899), p. 7.

shows that trade in live pigs was the almost uniquely the domain of non-Jewish traders⁸⁷. Therefore, the correspondence between Jewish rural settlement and high intensity of stock rising in the north-eastern counties should be viewed as a consequence of relative well being of the local peasantry. After the construction of the railways the counties such as Sokal and Rawa Ruska became an agrarian hinterland of Lviv whereby the growth of local production was underpinned by rising demand in the quickly developing Galician capital. The Jewish role in inducing peasants to respond swiftly to price trends on the animal market should be sought in the more general phenomenon of forcing peasants to abandon subsistence farming.

The picture which emerges from the analysis on animal husbandry gives one an impression of highly commercialized and responsive agriculture. This does not deny the general backwardness of the Galician agrarian sector; the main factor contributing to the increase in productivity was labour rather than capital input. Increasing apportioning of land in long run prevented the implementation of more capital intensive elements of the technological progress and, most likely, the inverse relation between farm size and agrarian productivity would break down with advancing levels of technological innovation⁸⁸. Contemporaries applied the acreage of land holdings as the chief determinant of internal differentiation among peasants and the prospects of growth in the agricultural sector. The fact that the average size of landholding decreased in the second half of the nineteenth century was often presented as a proof of persistent backwardness of Galician agriculture. To provide an extensive overview of this process would be duplicating existing work⁸⁹; in short, the main characteristic of this process was the simultaneous

⁸⁷ Franciszek Bujak, *Maszkienice, wieś powiatu brzeskiego*, Kraków 1914, p. 63.

⁸⁸ Graham Dyer, 'Farm Size - Farm Productivity Re-examined: Evidence from Rural Egypt', in *The Journal of Peasant Studies*, vol. 19/1 (1991), pp. 59-88.

⁸⁹ The most impressive description of links between the decay of small peasantry, overpopulation and physical division of land has been given by W. Styś. Styś investigated a sample of 26 Galician villages, calculating that the period 1787-1931 saw an increase of 126 per cent in population, of 190 per cent in the number of economic units, but of only 27 per cent in surface area under agricultural cultivation. Wincenty Styś, *Rozdrabnianie gruntów chłopskich w byłym zaborze*

decline of two extremes in the pattern of land ownership: dwarf holdings below 2 ha and large holdings above 15 ha⁹⁰. From the point of view of this work it is important that the outcome of land fragmentation was the creation of small but viable and highly commercialized peasant holdings⁹¹. The ownership structure definitely limited the potential available to economic growth in Galician agriculture but we will argue that within those limits economic development was far from being sluggish. Perhaps more interesting than the sheer contention of this fact - discerned already by some contemporary historians - is the issue of how the progress was achieved. Throughout this work we have been trying to disentangle the various components accounting for economic changes in Galician agriculture. The initial elements of the puzzle were a peasantry characterized by extreme traditionality and backwardness, overpopulation, primitive farming techniques,

austriackim, Lwów 1934.

⁹⁰ The area under holdings below 2 ha was 17.2 per cent of total area in 1882 and 10.8 per cent in 1902. For large (10-20 ha) farms the drop was of similar magnitude: from 21.6 per cent in 1882 to 14.7 per cent in 1902. The major part of the remaining land was cultivated by the owners of the farms in 2-5 ha (33.5 per cent) and 5-10 ha (28.7 per cent) brackets. Leon Biegeleisen, *Teoria małej i wielkiej własności*, Kraków 1918, p. 61.

⁹¹ There are two objections to the overestimation of the negative consequences of land fragmentation on agricultural production. First, the number of peasant holdings did not match the number of landowners. Bujak in his studies on two West Galician villages in 1896, Maszkienice and Żmiąca, found that the number of holdings was correspondingly 130 per cent and 67 per cent greater than the number of households. In addition to the owned holdings about 50 per cent of farmers were leasing some land. Krzyżanowski quotes the unpublished results of The Country Bureau of Statistics survey on 85 typical West Galician villages in the years 1880-1882 which yielded similar results - the number of holdings was 67 per cent greater than the number of households. He concludes on this basis that at the end of the nineteenth century the typical peasant household was composed of two pieces of land, the second usually brought with the farmer's wife dowry. This observation finds confirmation in Styś' study on the sample of twenty Galician villages; Styś states that sometimes the household owned even a third holding, belonging to the sibling of the farmer living with him in the same household. Franciszek Bujak, *Maszkienice, wieś powiatu brzeskiego*, Kraków 1914, pp. 15-16; Idem, *Żmiąca, wieś powiatu limanowskiego*, Kraków 1903, pp. 32-35; Wincenty Styś, *Współzależność rozwoju rodziny chłopskiej i jej gospodarstwa*, Wrocław 1959, p. 12.

The second argument questions the credibility of official statistics concerning the number of peasant holdings. In the last decades of the Habsburg Monarchy the data on peasant holdings were imperfect and the two main sources of information - Land Book entries and the Tax Authority - did not correspond to reality. Franciszek Bujak, *Galicya*, vol. 1, Lwów 1908, p. 240. Styś writes that during the agrarian survey of 1902 peasants declared only about 80 per cent of the owned land. Wincenty Styś, *Rozdrobnienie gruntów chłopskich*, Lwów 1938, p. 7. For more extended discussion on this issue see Stella Hryniuk, 'Peasant agriculture in East Galicia in the Late Nineteenth Century', in *Slavonic East European Review*, vol. 2 (1985), pp. 228-243.

lack of any state intervention supporting credit institutions extending loans to the peasantry, a fragmented country market and, finally, Jewish middlemen whose description diverged widely from the image of Viennese Rotschilds. The most likely outcome of this combination would be agriculture based on underdeveloped subsistence farming and the small farmer whose economic goals would be overshadowed for a long time by the traditional burden of parochial and familistic feelings. Nevertheless, at the end of the period under investigation, neither Galician agriculture nor the Galician peasant corresponded to this picture.

The most important contribution of this chapter is to validate the central assumption underlying the study. In Chapter 1 we put forth the contention that there is a link between the way Jewish economics in the countryside were organized and economic changes in the agrarian sector. In particular we argued that the prevalence of low scale Jewish rural intermediaries is indicative of a delayed transition from a feudal to capitalist economy. The analysis of statistical relationships between variables describing the socio-economic standing of the peasantry and the geographical pattern of the Jewish rural population proved the existence of a strong correlation between the prolonged presence of Jewish middlemen and the backwardness of the non-Jewish population. On the whole, the relation was stronger in East Galicia, due to the less advanced modernization of the Ukrainian peasantry and lower environmental pressure on Jewish economics. Further, we identified two regions of Jewish rural settlement where this relation took a model form adhering precisely to theoretical assumptions. The graphic presentation enabled us to observe how these areas of backwardness receded under the joint impact of the forces of modernization - educational progress among the peasantry, the spread of rural savings-loans banks, and the development of communication networks connecting adjacent areas to country wide market. In fact, the maps showing the settlement pattern of Jewish and non-Jewish rural population turned out to reflect the strides made by economic development in the countryside.

However, these are not the only conclusions one may deduce from the findings presented in Chapter 6. The response of Galician Jewry to the changes following the emancipation by no means followed the same trajectory; rather it

varied according to the stimuli provided by economic environment. The pattern of exchange built upon forced commerce and exploitation functioned as long as the conditions determining its existence. Therefore it could prevail only in those backwater areas which continued to be isolated from the social and economic alterations spawned by modernization and where other groups provided little competition to Jews. We could see, however, that the size of such areas was constantly shrinking and that the insufficient potential available to economic growth resulted in the stagnation and the final drop in the number of the Jewish population. In the remaining regions Jews were forced to reorganize their economic activities. We have traced different elements of this transformation: changes in the size of ethnic business, migration movements following the increase in agrarian productivity, population transfers from rural to urban areas, moves to suburban areas of large cities. The common denominator of these processes was the increasing correlation between Jewish economics and trade/manufacture turnover. This was in a sense a shift towards the economic functions discharged by classic middleman minorities becoming a catalyst for economic development. Truly, the extent of this transformation was limited, its occurrence belated, and the impact it exerted on the social organization of the Jewish community much less significant than in the West. Nevertheless, the change was real and following the same direction.

However, the role of Galician Jews was not only that of acting as a catalyst but also of being a protagonist in economic changes. Jewish middleman forcibly introduced the peasant into money economy and broke down subsistence orientation in his farming techniques. In doing so they acted as unintentional economic advisors inducing the peasant to distrust his old routine and run things more rationally. The swiftness of this process was not deprived of negative implications such as the initial impoverishment of the peasantry, and widespread usury or indebtedness resulting in the auctioning of peasant property. The final outcome, however, was acceleration in the movement towards modern, market oriented agriculture. The most spectacular results of this change became visible at the turn of the century but its roots should be sought in the first years of the post-emancipation process and in the economic activities of Galician Jewry.

Conclusions

The master theme underpinning this work is modernization. We did not attempt, however, to provide an overall view of the whole set of social, economic and political changes associated with this process. The elements of modernization investigated here refer to a concept which is not as broad as the meanings implied by the general transformation of society. Primary factors leading to modernization understood in this way are capitalist economic development and the establishment of the nation-state. Consequently, the key theoretical questions examine the issues of industrialisation, economic growth, political mobilization and population change. In this study, we were forced by analytical necessity to limit our interest to the modernization of the agrarian sector of Galician society. The economic dimension has been given priority, with some reference to the first stage of political mobilization of the peasantry as expressed in the development of the rural cooperative movement.

The analysis largely focused on the functioning of Jewish economics in the countryside. This has been done under the assumption that the changes in Jewish rural economic activities reflect economic processes essential to the departure of Galician agriculture from its traditional setting. Therefore, the selection of research areas may seem somewhat haphazard. Rather than focusing on strictly defined economic development, we examined the phenomena which either preceded or accompanied its appearance. Some issues - like demographic developments analyzed in Chapter 2. and urbanization described in Chapter 3. - pertain to the social dimension of modernization. In Chapter 4., in turn, we dealt with the inherent component of economic development in agriculture, that is with the workings of rural credit market. The aim was to gain better insights into two distinct economic processes: capital accumulation and credit supply in agriculture, and the evolution of the dominating pattern of exchange transactions. The accumulation of capital together with credit availability belong to the factors decisive in the introduction of technological change into the agrarian sector. The

analysis on exchange transactions, on the other hand, helps us understand the mechanism which binds agrarian producers to the market. In the first case one can talk about the conditions preparing economic developments; in the latter we are inclined more towards a sort of socio-cultural perspective. This is particularly apparent in the discussion of the factors which led to the dismantling of subsistence farming and which conditioned the shift towards market production.

In the same Chapter 4., the shaping of the rural cooperative movement has been examined. Alongside evaluating the economic significance of rural cooperatives' activity, we alluded briefly to their role in the political mobilization of peasantry. The main conclusion was that the basis for the appearance and rise of the cooperative movement was provided by economic conflict in the countryside. Therefore, one is tempted to suggest that later forms of political anti-Semitism in Galicia owed their character to the rural rather than to the urban environment which shaped anti-Jewish feelings elsewhere. As such, Galician anti-Semitism should be viewed as distinct from, for example, its Viennese version and should be regarded as an indigenous phenomenon.

Chapter 5. analyzed in more detail the modernization of the Jewish minority. The pace of the socio-economic changes affecting its economic activities - like the size of ethnic business, occupational structure and participation of women in the labour force - has been taken as indicative of changes in Jewish economics and also as a positive proof of modernization affecting the majority society. This has been based on two premises; one particular, attributing to the Jewish middlemen the pivotal role on the road to economic development in agriculture, and the other general, according to which the life of minorities reflects the changes affecting the overall societies.

Finally, in Chapter 6. we attempted to draw the ultimate line linking three issues interweaving this work: the modernization of the minority, the modernization of the majority and economic developments in agriculture. The main effort was expended on the analysis of the spacial pattern of the Jewish rural settlement in combination with the socio-economic characteristics of the surrounding non-Jewish population. Consequently, we were able not only to determine different types of relations between the rural Jews and their economic

environment but also their evolution in time and space.

The most important contribution of this work is the evidence supporting that tenet of the research on modern Jewish history which emphasises the connection between the radical change in economic and social structures following the departure from traditional society and the situation of Jewish minority groups. The studies carried out in recent years made it increasingly evident that such issues as Jewish emancipation, Jewish entrepreneurship along with the position occupied by the Jews in the economy and, finally, modern forms of anti-Semitism, remain meaningless without taking economic developments into consideration. The argument central to this approach contends that modern transformation of Jewish communities developed, to a large extent, independently of the ideologies of the intellectual elite. Accordingly, the emphasis has shifted towards the dependency between the general level of economic development of the majority society and social and economic changes affecting Jewish minorities. Goldscheider and Zuckerman, in their book on modernisation and ethnic cohesion, put it in a nutshell stating that the master theme of the new research is: How the Jews responded to the forces of modernisation¹? The aim of this study was to explore this new avenue for historical research from a somewhat different perspective. Provided that the pace of economic developments conditioned the standing of Jewish (ethnic in general) minorities it was conceivable to look at this issue from the opposite end of the causal link: on the basis of the changes in social and economic characteristics of the Jewish minority one can judge on the nature and direction of economic developments. The absolute size of the Jewish group in Galicia, alongside the particular position occupied in the occupational structure, made its economic activities a particularly sensible indicator of the alterations occurring in its environment.

Perhaps the most striking example of this relationship emerged in the last chapter in which we could identify fairly precisely the backwardness or development with specific patterns of the organization of the Jewish economics in

¹ Calvin Goldscheider and Alan S. Zuckerman, *The Transformation of the Jews*, Chicago/London 1984, p. 5.

the countryside. In a similar fashion, the evidence on Jewish occupational distribution and the structure of the Jewish labour force - presented in Chapter 5. - allowed us judge the pressure exercised by the non-Jewish environment on Jewish economic activities in the countryside. By identifying this pressure with such factors as the development of rural credit organizations and the differentiation in non-Jewish occupational distribution we were able to obtain another indicator of economic changes in Galician agriculture. Yet another way of getting some insights into the pace of departure of Polish and Ukrainian peasantry from the feudal economy was the analysis on population change. In Chapter 2. the timing and composition of Jewish migration, along with rates of natural growth, was included into the analysis of causes and results of economic developments. High natural increase in Jewish population compelled Jews to penetrate deeply into Galician agriculture in order to seek for new sources to sustain their livelihood. The keys to the Jewish migration, on the other hand, were the pushes and pulls of economic opportunities. Thus Jewish migration to and out of the Galician countryside was the outcome of those changes in agriculture which first widened and than limited the space left to Jewish economic activities. The analysis of Jewish urbanization has followed similar lines - the evidence on belated movement of the Jews to Galician cities served as a proxy for new opportunities available to the Jews in the rural economy as well as for determining when those opportunities began to decline.

The differential advance of modernization - measured through the progress of the cooperative movement, occupational differentiation, education levels and mobility rates - accounted for most of the differences in territorial distribution of economic development. We shall emphasise that our findings buttressed this contention very consistently notwithstanding the indicator used. The only exception to this pattern was the north-eastern region in East Galicia where the influence of a 'positive' factor - location in the vicinity of by far the greatest urban market in Galicia - seems to have outweighed the gains stemming from a 'negative factor' - the backwardness of the local non-Jewish population. In other words, in this region Jews found enough economic incentives and enough potential for economic growth to move towards an economic organization which was not

grounded in the exploitation principle but in increased trade turnover. We may contrast this situation with that characterising regions defined here as persistently backward, where the rise in the volume of marketed surplus was due to the change in the structure of agrarian production rather than to increased productivity.

For the description of the mechanism linking the peasants through Jewish middlemen to the market we have employed the 'forced commerce' concept. Exchange transactions based on forced commerce attribute decisive importance in fostering such exchange to the middleman's control over credit. The data on auctions of indebted peasant property documented that indeed Jewish control over the rural credit market was a key factor in establishing Jewish positions in the countryside. The movement of the Jewish population to the Galician countryside coincided with a dramatic growth in the number of auctioned holdings - an indicator of the role played by the Jews in credit supply - and with the rapid shift of small farmers toward market oriented production - the evidence on involuntarily involvement in the market. Some capital engaged by the Jews in rural credit market originated from relatively greater capital assets accumulated in the pre-emancipation period. This contention, however, can be accepted only with extreme caution - due to the backwardness of the country and the general poverty of the Jews relatively greater capital accumulation could have involved only very limited strata within the Galician Jewry. It seems that the first years of the post 1868 period were of greater importance for this process. The combination of high prices for most of the products of Galician agriculture with a high level of peasant exploitation, grounded in his lack of knowledge about the market economy, must have multiplied capital assets at Jewish disposal. Some of these assets surfaced in the later period in the form of financial deposits of Jewish savings-loans banks.

In the analogous way that the control over the credit market helped the Jews to consolidate their dominant position in agrarian trade, the development of rural credit organizations undermined the existence of Jewish middlemen in the countryside. Once again the differences between West and East Galicia in this respect adhered consistently to the advance of modernization among Polish and

Ukrainian peasantry. This leads us to final conclusions concerning the functioning of Jewish economics. Although, as we have noted in the introductory part of Chapter 1., it is economic development which is the explanandum of the investigated relationship between ethnic conflict and economics, we can not escape general comments concerning ethnic conflict and the Jewish minority itself. The first observation can be implicitly deduced from the theoretical approach applied in the study, but perhaps it is worth rephrasing it in a more straightforward way. The strategy which implies focusing on structural factors in order to explain the evolution of Jewish economics has been found fairly feasible in Galicia. Put in another way, there is little evidence that Jewish cultural norms shaped by Jewish religion or ideological fervents accounted for Jewish economic behaviour². The relationship that can be established between the two phenomena is of a general nature; one can place here some elements of the organization of Jewish trade networks, general predisposition towards the money economy or the Jewish ability to find new marketable items on the agrarian product market. However, the view that Jewish beliefs and attitudes were primarily responsible for the ultimate pattern of Jewish economic activities proves untenable while analyzing the evolution and territorial variations in economic relationships between Jews and non-Jews. The factor deciding to what extent the Jews demonstrated free market, procapitalist behaviour, or adhered to the pre-capitalist functions inherited from feudal economy, was the nature of the socio-economic environment. How far this contention can be generalized is a matter of discussion; undoubtedly, the mix of limited economic opportunities and demographic pressure added to the weight of external factors that opposed the role played by internal characteristics of the

² Such a view may also be found in Levine's recent book. The principal aim of his work is to analyze to what extent the religion of Polish Jews influenced their economic thinking and made them more suitable for entrepreneurial, commercial occupations. In proving the existence of the relationship between Jewish religious writings and their economic behaviour, Levine completely neglects economic reality. It can be easily argued, for example, that Jewish entrepreneurship emerged only under strong competition - in the regions where no competition existed the Jews were establishing monopolies impeding any form of entrepreneurial activity. Moreover, Levine analyzes the ideology of nobility as the most important component of economic anti-Semitism in Poland while the social strata whose economic interests were contradictory to those of Jews, was made up not of nobility but of the bourgeoisie. See Hillel Levine, *Economic Origins of Antisemitism. Poland and its Jews in the Early Modern Period*, New Haven/London 1991.

Jewish group. Nevertheless, it is arguable that the case of the Galician Jewry throws doubt on the assertions of those historians who claim the unity of Jewish economic history. The logic underlying this claim is that the explanatory power of the approach focusing on the traits common to all Jewish groups, across time and space, exceeds the analytical benefits stemming from the study of the relations between Jews and non-Jews. It is precisely this logic we have attempted to put in doubt throughout this work.

Finally, there is the issue of ethnic conflict and its consequences for the Galician economy. However paradoxical it may sound, it seems that on the whole Galician agriculture benefitted from the confrontation between peasantry and rural Jews. The creation of the network of rural cooperatives which, as we have seen, substantially contributed to the increase in agrarian productivity, remained in direct connection with anti-Jewish hostility in the countryside. Although such motivations underpinned the activity of the principal part of rural organizations it is difficult to deny their role as credit institutions, vehicles of education and tools accelerating the political mobilization of the Polish and Ukrainian peasantry. Similarly, the pressure exerted by greater credit supply offered by Polish and Ukrainian savings-loans association forced the transformation of capital assets owned by Jewish money lenders into deposits in Jewish banks. These deposits were loaned to the peasantry under much better (in comparison to the initial situation) conditions to the peasantry.

Economic conflict in Galicia may be generally framed within the wave of anti-Semitism which proliferated in Europe during the Great Depression. In the period when conflict and competition were integral to the processes of occupational and economic changes accompanying modernization, economically-based hatred of Jews was the most pronounced form of anti-Semitism in popular consciousness. Although the rural environment appears rarely as a dominant shaper of anti-Semitic movement, there are examples - like rural Jews of Alsatia and some regions of Hessen - closely resembling the Galician pattern. The Galician case appears distinct due to its importance for the course of economic development - stemming from the size of the Jewish minority and its position in the occupational

distribution - and due to its significance for the modernization of the Polish and Ukrainian peasantry. While in the economic sphere the outcome of the conflict seems to be positive, the extra-economic cost was blending of anti-Jewish feelings into the tissue of national consciousness. The analysis of economic and materialist factors in the ethnic conflict in Galicia demonstrated the potential available to mobilization by peasant movements. Although in reality, economic, political cultural, and racist strands in anti-Semitism tend to interweave, in Galicia the primary motivations came from the economic sphere. Anti-Jewish feelings of Galician peasants were shaped primarily by their economic experience rather than incited by political propaganda. The latter, which arrived in Galicia in the 1890s, reinforced the already existing anti-Jewish attitudes and transformed them into political forms of expression. It is difficult to judge what the role of cultural factors was in this process: social and cultural distinctiveness of the Jewish group in Galicia, although apparent to the peasant for centuries, could have gained more importance in the period when the concept of nation began gradually to permeate peasant consciousness. Thus, the particular curse of the ethnic conflict in the countryside attributed to economics the function of prime mover of anti-Semitism, which later spread to other dimensions of social life. Therefore, in explaining the course of political mobilization of the peasantry and the role played in it by anti-Jewish feelings, it is essential to recognize the link between anti-Semitism and economic conflict in the countryside. Whether and how it was transferred to the political dimension remains open to further studies. Yet, judging from the importance of the cooperative movement in the political mobilization of the peasantry, one is tempted to assume that its role was very significant. To investigate this issue fully, we need more comparative work on the variations in the regional forms of ethnic conflict. The Polish-Ukrainian antagonism in Galicia could serve as an interesting case for comparison with the ethnic conflict involving Galician Jewry.

The last issue constitutes only one of the avenues opened by this work for further research. My ambition was to demonstrate the potential inherent in both study of economic history and ethnic conflict, for a theoretical approach linking the economic life of minorities to that of majorities. The second aim was of a somewhat

methodological nature: the selection of particular research areas and theoretical tools to facilitate other research based on similar theoretical presumptions. It is our hope that this work has achieved both aims to a satisfactory degree.

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1. General Information

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1. Podnikoví pracovníci, kteří jsou zaměstnanci v podniku, který je v likvidaci, jsou povinni předložit své pracovní listy a ostatní dokumenty, které mají k dispozici, likvidátorovi podniku.

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1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

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Figure 1. The effect of the number of trials on the number of correct responses. The number of correct responses was significantly higher than the number of incorrect responses in all cases.

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